FCMAT
FISCAL CRISIS & MANAGEMENT ASSISTANCE TEAM
CSIS California School Information Services

Alameda County Office of Education

regarding the

Tri-Valley Learning Corporation

AB 139 Extraordinary Audit

June 8, 2017

Joel D. Montero
Chief Executive Officer

FCMAT
FISCAL CRISIS & MANAGEMENT ASSISTANCE TEAM
CSIS California School Information Services

June 8, 2017

L. Karen Monroe, Superintendent
Alameda County Office of Education
313 West Winton Avenue
Hayward, CA 94544

Dear Superintendent Monroe:

On December 8, 2016, the Fiscal Crisis and Management Assistance Team (FCMAT) and the Alameda County Office of Education entered into a study agreement to provide an Assembly Bill 139 extraordinary audit of the Tri-Valley Charter Schools located in Livermore. Specifically, the agreement states that FCMAT will:

1. Review charter schools' source and use of bond proceeds and transactions, including any other debt instruments, and support documentation related to the source and use of these funds as considered necessary. The review of revenue and expenditure transactions shall cover the time period from 2010 through 2016.
2. Determine if any of the Tri-Valley charter schools local public officials, designated employees or "consultants to the organization who makes, participates in making, or acts in a staff capacity for making governmental decisions" as defined in the Political Reform Act (PRA) of 1974 (Government Code Sections 81000-91014) violated any conflict of interest disclosure regarding California conflict of interest laws. Review applicable PRA Form 700 filings for the time period 2010 through 2016.
3. Review the charter schools' internal control structure and applicable policies and procedures as necessary to test transactions related to bonds and other debt instruments to determine if adequate procedures are in place to safeguard assets.

This final report contains the study team's findings and recommendations in the above areas of review. FCMAT appreciates the opportunity to serve the Alameda County Office of Education, and extends thanks to all the staff of the Alameda County Office of Education and the Livermore Valley Unified School District for their assistance during fieldwork.

Sincerely,

Joel D. Montero
Chief Executive Officer

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About FCMAT

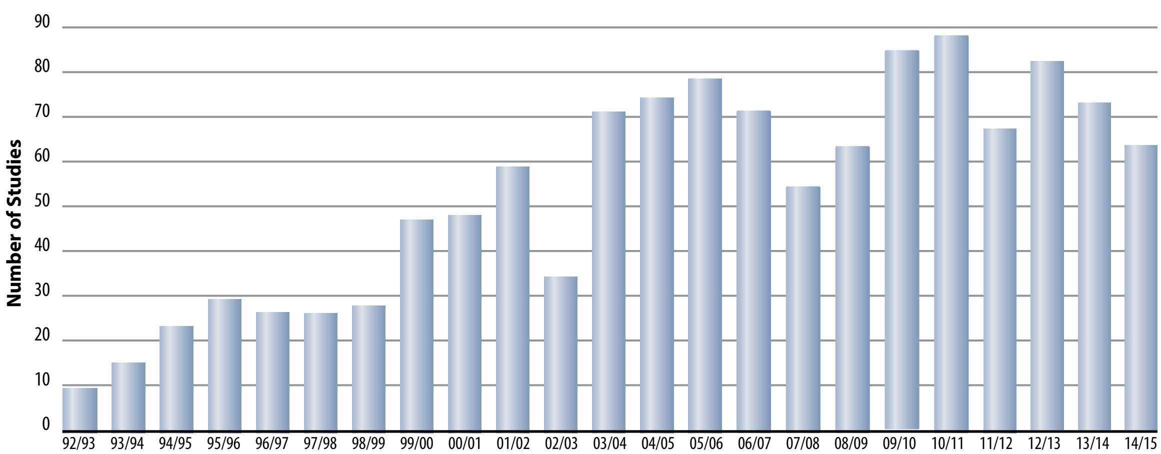
FCMAT's primary mission is to assist California's local K-14 educational agencies to identify, prevent, and resolve financial, human resources and data management challenges. FCMAT provides fiscal and data management assistance, professional development training, product development and other related school business and data services. FCMAT's fiscal and management assistance services are used not just to help avert fiscal crisis, but to promote sound financial practices, support the training and development of chief business officials and help to create efficient organizational operations. FCMAT's data management services are used to help local educational agencies (LEAs) meet state reporting responsibilities, improve data quality, and inform instructional program decisions.

FCMAT may be requested to provide fiscal crisis or management assistance by a school district, charter school, community college, county office of education, the state Superintendent of Public Instruction, or the Legislature.

When a request or assignment is received, FCMAT assembles a study team that works closely with the LEA to define the scope of work, conduct on-site fieldwork and provide a written report with findings and recommendations to help resolve issues, overcome challenges and plan for the future.

FCMAT has continued to make adjustments in the types of support provided based on the changing dynamics of K-14 LEAs and the implementation of major educational reforms.

Studies by Fiscal Year



FCMAT also develops and provides numerous publications, software tools, workshops and professional development opportunities to help LEAs operate more effectively and fulfill their fiscal oversight and data management responsibilities. The California School Information Services (CSIS) division of FCMAT assists the California Department of Education with the implementation of the California Longitudinal Pupil Achievement Data System (CALPADS). CSIS also hosts and maintains the Ed-Data website (www.ed-data.org) and provides technical expertise to the Ed-Data partnership: the California Department of Education, EdSource and FCMAT.

FCMAT was created by Assembly Bill (AB) 1200 in 1992 to assist LEAs to meet and sustain their financial obligations. AB 107 in 1997 charged FCMAT with responsibility for CSIS and its statewide data management work. AB 1115 in 1999 codified CSIS' mission.

AB 1200 is also a statewide plan for county offices of education and school districts to work together locally to improve fiscal procedures and accountability standards. AB 2756 (2004) provides specific responsibilities to FCMAT with regard to districts that have received emergency state loans.

In January 2006, Senate Bill 430 (charter schools) and AB 1366 (community colleges) became law and expanded FCMAT's services to those types of LEAs.

Since 1992, FCMAT has been engaged to perform more than 1,000 reviews for LEAs, including school districts, county offices of education, charter schools and community colleges. The Kern County Superintendent of Schools is the administrative agent for FCMAT. The team is led by Joel D. Montero, Chief Executive Officer, with funding derived through appropriations in the state budget and a modest fee schedule for charges to requesting agencies.

Introduction

On November 17, 2016, the Fiscal Crisis and Management Assistance Team (FCMAT) received a request from the Alameda County Office of Education for an Assembly Bill (AB) 139 extraordinary audit of the Tri-Valley Learning Charter School and Livermore Valley Charter Preparatory School located in Livermore. The county office had received allegations of multiple fiscal irregularities, questionable expenditures and inappropriate related-party transactions at the charter school. Upon review of these allegations, the county office was concerned that the charter school may have violated various government and education codes related to fraud and/or misappropriation of assets, and the county superintendent initiated an investigation to determine whether sufficient evidence of illegal activity exists to report the matter to the local district attorney's office for further investigation. Under the provisions of Education Code Section 1241.5, FCMAT entered into a contract with the county office to conduct an AB 139 extraordinary audit.

Study Guidelines

FCMAT provides a variety of services to school districts and county offices of education upon request. Education Code Section 1241.5(b)(c) permits a county superintendent of schools to review or audit the expenditures and internal controls of any school district or charter in that county if he or she has reason to believe that fraud, misappropriation of funds, or other illegal fiscal practices have occurred that merit examination. The Education Code provides for a review or audit conducted by the county superintendent focused on the alleged fraud, misappropriation of funds, or other illegal fiscal practices to be conducted in a timely and efficient manner. In addition, Education Code Section 47604.4(a) states as follows:

> In addition to the authority granted by Sections 1241.5 and 47604.3, a county superintendent of schools may, based upon written complaints by parents or other information that justifies the investigation, monitor the operations of a charter school located within that county and conduct an investigation into the operations of the charter school.

Therefore, FCMAT focused on the allegations of misappropriation of assets, questionable contracts with third-party vendors and conflict of interest to determine whether Tri-Valley Learning Charter and/or its personnel were involved in or may have committed fraudulent activities.

Audit Fieldwork

Investigating allegations of fraud requires several steps that include interviewing potential witnesses and assembling evidence from internal and external sources. The FCMAT study team conducted initial county office and school district interviews from January through April 2017 including visits to the Tri-Valley Learning Corporation elementary campus located in Livermore to conduct interviews, collect data and review documents. Additional documents were obtained and interviews were conducted in person and by telephone in Hayward, Livermore and Orange County with individuals that had significant knowledge of financial transactions, financial records and/or other information pertinent to this investigation.

Specifically, FCMAT reviewed, analyzed and tested records that included official bond documents, lease documentation, intercompany bank records, financial records, audited financial statements, support documentation, board meeting minutes, the charter petitions, the memoranda of understanding, emails, contracts, payroll records, attendance records and other documentation from independent third-party and other governmental sources.

The investigation also included interviews with the former and current executive director, the current executive director's team, current and former charter school employees, audit committee members, former and current board members, the current and former back office service providers and the independent auditor to evaluate information concerning any alleged mismanagement, fraud, or conflict.

The fieldwork focused on determining whether there is sufficient evidence to indicate that fraud, misappropriation of federal and state funds, conflict of interest (particularly with related-party transactions), or self-dealing through other nonprofit public benefit and for-profit corporations by management and key employees of Tri-Valley Learning Corporation may have occurred. This audit focuses on the former and current executive directors of the charter management organization (CMO); the former director of finance (a later interim CEO); other professionals integral to the issuance of state and federal bond documents, subsequent amendments to these documents and/or property acquisition; and close business associates.

Although there are many different types of fraud, a conflict of interest and breach of fiduciary duty exists when officers or employees of the organization have a personal financial interest in a contract(s) or transaction(s), or it is reasonably foreseeable that an economic interest results from utilizing their managerial influence in decision-making during the time of the individual's public employment, which is a form of misappropriation of assets.

Fraudulent disbursements are typically the most frequent form of asset misappropriation. This form of misappropriation includes check tampering, cash or check register disbursement, billing, expense reimbursement and payroll schemes. This report documents numerous instances of potentially fraudulent disbursements including: mischaracterized expenditures, commingling and transferring public school funds between accounts of private or other nonprofit and for profit accounts, and charging personal credit card purchases to the charter school accounts.

All fraud has common elements including the following:

- Knowingly making an untrue representation or a false claim of a material fact
- Intent to deceive, or concealment of the act
- Reliance on untrue information
- Damages or a loss of money or property

This report is the result of the investigation described and is divided into the following sections:

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- Background
- Scope and Procedures
- Findings
    - Occupational Fraud
    - Internal Controls
    - Conflict of Interest
        - Political Reform Act — Disclosure, Conflicts of Interest and Enforcement

        - California Corporations Code Section 5233
        - Related-Party Transactions, Significant Influence Self-Dealing
        - Related Parties, Affiliates, and Conflicts of Interest
    - Entities and Individuals Involved in Tri-Valley Learning Corporation Transactions
    - Related Parties Defined by the 2015 Bonds Tax Certificate
    - California School Finance Authority Educational Facilities Revenue Bonds (Tri-Valley Learning Corporation Project), Series 2012A
    - California Municipal Finance Authority Taxable Educational Facilities Bond Anticipation Notes, Series 2014 and Other TVLC Short-and Long-Term Borrowings
    - California Statewide Communities Development Authority Educational Facilities Revenue Bonds (Independence Support, LLC Project), Series 2015
    - Ongoing Disclosure Obligations
    - Diversion of Funds
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    - Foreign Exchange Program
    - Significant Deficiencies in Internal Controls
    - Ethical Values and Fiduciary Duty
    - Subsequent Events
- Findings and Recommendation
    - Recommendation

Study Team

The FCMAT study team was composed of the following members:

Deborah Deal, CICA, CFE FCMAT Intervention Specialist Los Angeles, California	Michael W. Ammermon, CPA, CFE, CRFAC FCMAT Consultant Laguna Niguel, CA
Laura Haywood FCMAT Technical Writer Bakersfield, CA	Jennifer Noga FCMAT Intervention Specialist Bakersfield, CA

Each team member reviewed the draft report to confirm its accuracy and to achieve consensus on the final recommendation.

In writing its reports, FCMAT uses the Associated Press Stylebook, a comprehensive guide to usage and accepted style that emphasizes conciseness and clarity. In addition, this guide emphasizes plain language, discourages the use of jargon and capitalizes relatively few terms.

Background

Following the closure of two neighborhood magnet schools by Livermore Valley Joint Unified School District (the district), a group of parents who had students in these schools submitted a charter school petition in 2004 as the district struggled with declining enrollment and financial stability. When the district denied the charter petition and the Alameda County Office of Education denied the appeal, the State Board of Education (SBE) approved the petition on November 10, 2004 for the following school year through June 30, 2008. The renewal application was submitted to the district in November 2007 and, following a public hearing on December 11, 2007, the district denied the charter renewal on January 8, 2008. Subsequently, the SBE approved the charter through June 30, 2013 on appeal.

Initially, Tri-Valley Learning Corporation (TVLC) had one school, Livermore Valley Charter School (LVCS), serving grades K-8. On July 9, 2009, SBE approved a second school, Livermore Valley Charter Preparatory High School (LVCP) serving grades 9-12, which commenced operations in the 2009-10 school year.

In addition to the two Livermore schools, TVLC, a 501(c)(3) nonprofit public-benefit corporation acting as the CMO for all the charter schools, eventually operated three more charters located outside Alameda County: Acacia Elementary and Middle charter schools located in Stockton, and Old Town Charter School located in San Diego.

On October 2, 2008, William Batchelor, a former investment banker, was hired as TVLC's chief operating officer, and later served as the chief executive officer (CEO) until his resignation. According to Fair Political Practices Commission Form 700, Batchelor indicated "leaving office" on June 30, 2015; however, FCMAT obtained payroll records for Batchelor dated August 27, 2015.

Upon the expiration of the second petition period for LVCS by the SBE, on November 27, 2012, the district's governing board approved the elementary school to start July 1, 2013, and two years later TVLC petitioned the district to approve the high school for the 2015-16 school year, each with a five-year term.

While under the oversight of SBE, TVLC issued 2012 Series A bonds totaling $27.5 million through the California School Finance Authority that generated $24,813,000 in Phase I project funds. An additional $15 million was set aside for Phase II authorized through Qualified School Construction Bonds (QSCBs), a component of the American Recovery and Reinvestment Act of 2009.

This federally sponsored program designed to stimulate the American economy during the great recession had several programs available for school districts and charter schools. Charter school applicants that met specific criteria could qualify for QSCBs. The bonds provide federal tax credits issued by the United States Treasury to bondholders in lieu of interest payments primarily through qualified tax credits that reduce an issuer's cost of borrowing and would otherwise be taxable.

Shortly before the issuance of a second bond in 2015 with a principal balance of $25,540,000 through the California Statewide Communities Development Authority, the district authorizer and several Livermore community members raised serious objections and concerns to the Alameda County Board of Supervisors. They questioned the validity of the student and financial information, particularly the ability of TVLC to support additional debt beyond that incurred by the 2012 Series A Bonds. The Alameda County Board of

Supervisors held a Tax Equity & Fiscal Responsibility Act public hearing on May 5, 2015 and unanimously authorized the issuance of $25.5 million in tax-exempt bonds for a joint venture of TVLC and Batchelor's private school, California Preparatory Academy (CPA).

Shortly before and following the resignation of Batchelor as executive director of TVLC, TVLC experienced fiscal distress and severe cash flow issues, causing it to file for Chapter 11 Bankruptcy protection on November 8, 2016.

In November 2016, the new executive director contacted the Alameda County Office of Education expressing concerns regarding conflict of interest and self-dealing by Batchelor as well as other close privately held business associates and a network of companies that either participated in or were party to bond transactions, loans and lines of credit. The executive director was concerned about the involvement of Batchelor and potential financial mismanagement, misappropriation of funds and conflict of interest regarding the issuance and expenditure of publicly issued tax-exempt bond funds.

Based on these concerns, the county office conducted a preliminary investigation in conjunction with the district. After review of the allegations and its initial investigation, the county office requested FCMAT on November 17, 2016 to study specific aspects of alleged fraud, misappropriation of funds and possible illegal activity involving the TVLC organization.

Education Code Section 1241.5(c) requires the following action by the county superintendent following a "review or audit of the expenditures and internal controls of any charter school in his or her county if he or she has reason to believe that fraud, misappropriation of funds, or other illegal fiscal practices have occurred that merit examination":

> The county superintendent shall report the findings and recommendations to the governing board of the charter school at a regularly scheduled meeting, and provide a copy of the information to the chartering authority of the charter school, within 45 days of completing the review, audit, or examination. The governing board of the charter school shall, no later than 15 calendar days after receipt of the report, notify the county superintendent and its chartering authority of it proposed response to the recommendations.

Scope and Procedures

The fraud investigation consisted of gathering adequate information on specific allegations, establishing an audit plan, and performing various audit test procedures to determine whether fraud may have occurred, and if so, evaluate the loss and determine who was involved and how it occurred. During interviews, FCMAT study team members asked questions pertaining to levels of authority to enter contracts, governing board oversight, financial management internal controls, job duties and responsibilities. Questions also were asked specifically regarding the related-party transactions between the former executive director and companies he initiated, managed, controlled or was closely affiliated with where bond transactions occurred and property or buildings were acquired and transferred.

The primary focus of this review is to determine and report to the county office whether there is reasonable assurance, based on the testing performed, that TVLC has adequate management controls for its reporting and monitoring of financial transactions and whether fraud, misappropriation of funds or other illegal fiscal activities may have occurred. Management controls include the processes for planning, organizing, directing, and controlling program operations, including systems for measuring, reporting, and monitoring performance.

The FCMAT study team utilized fraud risk assessment checklists for conflict of interest by senior management and key employees in addition to conducting sample tests of financial transactions, other data and contracts to determine if fraud, misappropriation of funds or other illegal fiscal activities may have occurred. Testing for this review is based on sample selection and does not include the testing of the complete list of all transactions and records for this period. Sample testing and review results are intended to provide reasonable but not absolute assurance as to the accuracy of the charter organization's transactions and financial activity.

To accomplish this audit's objectives, several audit test procedures were developed to provide an in-depth analysis and understanding of the allegations and potential outcomes. The team had limited access to the general ledger records, including supporting documentation provided by school personnel, the back-office provider and the independent auditor in addition to third-party and publicly accessible documents. Several boxes of TVLC's original records are housed at New Jerusalem School District and were not provided to TVLC upon request for FCMAT inspection.

FCMAT performed audit tests and sampling of bank records, electronic bank transfers, loans, lines of credit, general ledger transactions, payroll records, credit card transactions, and other documents including the following:

- Governing board meeting minutes and audio recordings.
- Notice of Violations by the district and another authorizer along with Batchelor and TVLC responses.
- Available general ledger records from 2011-12 through December 2016.
- Select payroll records and employment contracts.
- Support documentation including proper authorization for bond disbursements, lease agreements, contracts and intercompany financial transactions.
- International and domestic travel, meal receipts, and credit card transactions.
- Related-party transactions and payments.
- Supporting documentation for financial transactions.
- Banking records.
- Bond disclosure documents for the 2012A and 2015 bonds.
- Preliminary filings for the issuance of tax-exempt bonds through the California School Finance Authority and California Statewide Communities Development Authority (education facilities revenue bonds).
- Requisitions to the bond trustee for the release of bond funds.
- Property records, deeds of trust and agreements between TVLC and various other for-profit companies.
- Master contracts with the charter management organization and other vendors.
- Independent financial audits for the fiscal years 2012 through 2015.
- International student tuition and host family payments.
- Chapter 11 Bankruptcy proceedings and other subsequent events.

In addition to the appendices referenced in the body of this report and attached hereto, several exhibits also are attached for the reader's reference.

Findings and Recommendation

Occupational Fraud

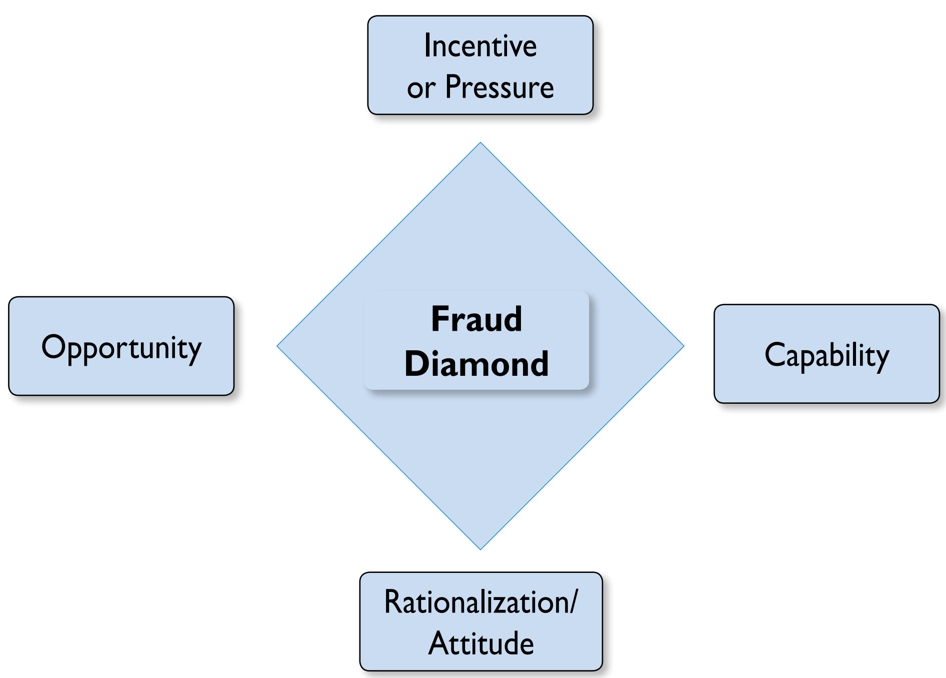
An organization's owners, executives, managers or employees may commit occupational fraud utilizing schemes related to asset misappropriation, corruption, and/or financial statements.

Asset misappropriation fraud includes cash skimming, falsifying expense reports and/or forging company checks. Corruption schemes involve an employee(s) using his or her influence in business transactions to obtain a personal benefit that violates that employee's duty to the employer or the organization; conflicts of interest fall into this category. Financial statement fraud includes the intentional misstatement or omission of material information in the financial reports.

Occupational fraud is one of the most difficult types of fraud and abuse to detect. However, the most common method of detection is receiving tips by telephone, email or online forms, accounting for three times the number of any other fraud prevention method for this type of scheme, and for 39.1% of detection methods overall. According to the 2016 Report to the Nations on Occupational Fraud and Abuse prepared by the Association of Certified Fraud Examiners, Inc., corruption schemes accounted for 35.4% of all occupational fraud cases reported, with a median loss of $200,000.

Based on this study, the perpetrator's position and authority in the organization have a direct correlation with the losses incurred. Approximately 40.9% were employees; 36.8% were managers; 3.4% other categories, and 18.9% were owner/executives. Although the second lowest percentage is from owner/executives, this group generated the largest median loss of $703,000 in the 2,410 cases reported worldwide between January 2014 and October 2015.

Essential elements of fraud must be present for a perpetrator's unethical behavior to occur. The fraud triangle (Cressey, 1953) includes three factors: Incentive/pressure/motivation, opportunity, and rationalization/attitude. An extension of the fraud triangle is the fraud diamond, which adds capability to the mix (Wolfe and Hermanson, 2004).



To commit fraud, the perpetrator needs to have:

- Incentive/Pressure/Motivation: Needs to get something accomplished, self-promoting, has financial pressures or personal reputation to protect.
- Opportunity: In a position of authority, or provides an essential function within the organization.
- Capability: Able to understand the systems (financial/accounting) and can override internal controls.
- Attitude/Rationalization: Confident that fraudulent behavior will go undetected.

This report focuses on the ability of the former executive director, Batchelor, to influence and control major financial transactions from which he personally benefitted to purchase real estate for his private tuition-based schools by issuing tax-exempt bonds. The bonds were issued in a series of complex and creative bond financing structures intended for the acquisition of public charter school facilities that ultimately provided the financing necessary to secure real estate now owned by private investors of a limited liability company for which he is the manager.

The lack of internal controls coupled with financing schemes designed to divert millions of dollars by Batchelor and others through relationships fostered between board members, close associates and other professionals with his nonprofit public and private companies created an environment that made it possible for the essential elements of fraud to occur.

Through the establishment of a CMO, TVLC's CEO created shell companies to separate nonprofit public benefit corporations and/or for-profit limited liability companies to gain access to public taxpayer facility dollars and purchase property that was converted to private ownership. These purchases were made possible through two separate tax-exempt bond issuances including a Qualified School Construction Bond totaling more than $67 million in a three-year span.

Shortly after the second issuance, the TVLC fell into bankruptcy owning little more than one administration building for the first bond issuance, and a ground lease on the second bond issuance. The first property contains 15 other buildings, and foreign and private investors appear to be in possession of the property and all the buildings except the one building described above.

The Subsequent Events section of this report describes the continuance of financing structures following the financial collapse of TVLC during bankruptcy proceedings to assume control of assets including buildings, property and other capital assets.

A recent report titled *Spending Blind,* published by In the Public Interest (a research and policy center), reports on the necessity of taxpayer-supported conduit bonds in localities where an abundance of classroom space is available. The report describes deficiencies with the current regulations that have allowed millions of dollars to be vested in private limited liability companies and CMOs by funneling the funds through public charter schools and eventually converting those dollars into private real estate holdings. The full report, which also includes references to Tri-Valley Learning Corporation, can be found at: https://www.inthepublicinterest.org/wp-content/uploads/FINAL_ITPI_SpendingBlind_April2017.pdf

Internal Controls

Internal controls are among the most important aspects of any fraud prevention program. Managers in a position of authority have a higher standard of care to establish the ethical tone and serve as examples to other employees. Employees with administrative responsibility have a fiduciary duty to the organization in the course of their employment to ensure that activities are conducted in compliance with all applicable board policies, laws, regulations, and standards of conduct. Management personnel are entrusted to safeguard assets and ensure that internal controls function as intended.

Internal controls include policies, procedures, checks and balances to ensure reliance on financial information, and that the information provided to management for decision-making is in compliance with laws and regulations.

While the governing board and all employees in TVLC have some responsibility for internal controls, the former executive director, director of finance, governing board and other key management personnel including TVLC's internal legal counsel have a higher ethical standard, fiduciary duty and responsibility to safeguard the assets of TVLC and fully disclose all related-party or affiliated organizations and companies to the school's auditor and the district charged with oversight responsibility.

Examination of the accounting records, processes and procedures revealed significant material deficiencies in the organization's internal controls, which allowed management personnel to circumvent internal controls designed to safeguard assets and prevent fiscal mismanagement. The current structure, with limited personnel and board member involvement, exposes the organization to significant risk of fraud and material misstatement of the financial statements.

Conflict of Interest

A conflict of interest exists when an individual has a private financial interest in the outcome of a contract or a public decision and does either of the following:

1. Participates in the decision-making process
2. Influences, or attempts to influence, others making a contract or decision

Statutes that govern conflict of interest include the Political Reform Act, Government Code 1090, Government Code 87100, and Corporation Code Section 5233 for nonprofit organizations. Governing board members and administrators should abstain from all discussions, negotiations and votes related to a contract in which they have a personal financial interest by removing themselves from the meeting and ensuring that the abstention and departure are recorded in board minutes. A conflict of interest can still exist with subsequent action on the contract, such as authorizing payment, negotiating disputes or contract terms; therefore, the governing board member or administrator should abstain from all discussions, negotiations and/or votes related to the contract in which he or she has a personal interest.

This report demonstrates that conflict of interest exists at the TVLC, with Batchelor as a public official participating in the decision-making process and exercising considerable influence, significant control and involvement without full disclosure of his business interests to the charter's governing board and others that relied on information he provided.

Evidence demonstrates that multiple transactions involved self-dealing with Batchelor's nonprofit public benefit corporations and for-profit corporation that allowed Batchelor, his close associates and outside professionals with considerable expertise in real estate and investments to gain financially from these decisions. These individuals participated in subsequent amendments to contracts, including signatory authority representing both the charter school and Batchelor's privately held company, and approval of payments on behalf of the charter school to those organizations.

Article V of the TVLC Bylaws prohibits the net earning, properties, or assets of the corporation "shall inure to the benefits of any private person or individual, or to any director or officer of the Corporations." Supporting documentation gathered during FCMAT's fieldwork shows the former CEO is in direct violation of the TVLC Article V Bylaws.

This report reveals how the former CEO of TVLC was directly involved with two separate bond issuances and the creation of a complex chain of companies for the sole purpose of obtaining tax-exempt bonds sold to investors under the guise that the funds would be utilized to acquire facilities to expand TVLC facilities for the Livermore charter schools.

Although both bond issuances are problematic, the 2015 issuance shows that the former CEO signed official documents as both the principal or managing member of the companies he owns or manages, and as the CEO of TVLC during his employment at TVLC. Bond and lease documents establish that during his tenure as CEO of TVLC Batchelor:

- Created the limited liability company that is the borrower listed in the official bond documents of the property.
- Was the manager of Goldstone United Investments (GUI), seller of the buildings and owner of the land purchased with public bonds.

- Was the owner of two private schools, California Preparatory Academy and San Francisco Bay Preparatory Academy (SFBAPA), which were co-tenants that leased back the building and property with TVLC.
- Signed a ground lease agreement on behalf of TVLC and CPA during his employment with TVLC.

Political Reform Act – Disclosure, Conflicts of Interest and Enforcement

The Political Reform Act (PRA) was enacted by Proposition 9 in June 1974 and revised in 2015 resulting in several significant changes to the conflict of interest rules that are effective November 17, 2016. The stated intent of the act was to establish a process for most state and local officials as well as certain designated employees to publicly disclose their personal income and assets as follows:

> [a]ssets and income of public officials which may be materially affected by their official actions …[are] disqualified from action in order that conflicts of interest may be avoided.

The PRA provisions are enforced by the Fair Political Practices Commission (FPPC) and supported by Government Code requiring every state and local governmental agency to adopt a conflict of interest code. The commission is the state agency responsible for interpreting the provisions of the law and issuing California Form 700 – Statement of Economic Interests.

Because charter school governing board members are considered public officials and governing boards are considered legislative bodies, board members and certain designated individuals must file Form 700 annually, or when they take office or begin in a position, and upon leaving office. Usually, Form 700 must be filed by April 1 for the calendar year, and within 30 days of assuming or leaving office or the position unless an exception applies. Additionally, a consultant to the organization "who makes, participates in making, or acts in a staff capacity for making governmental decisions" may be required to complete a Form 700 in accordance with FPPC regulations.

Amended PRA regulations in Cal. Code Regs., tit. 2, § 18700(d) provides a four-step versus an eight-step process to determine whether a public official has a prohibited conflict of interest under the Act. In accordance with the revised § 18700(a) Basic Rule:

> "A public official at any level of state or local government has a prohibited conflict of interest and may not make, participate in making, or in any way use or attempt to use his or her official position to influence a governmental decision when he or she knows or has reason to know he or she has a disqualifying financial interest. A public official has a disqualifying financial interest if the decision will have a reasonably foreseeable material financial effect, distinguishable from the effect on the public generally, directly on the official, or his or her immediate family, or on any financial interest described in subdivision (c)(6) (A-F) herein. (Sections 87100, 87101, & 87103.)"

The following is the four-step FPPC process. Additional detail is available at the FPPC website (http://www.fppc.ca.gov):

> **Step One:** Is it reasonably foreseeable that the governmental decision will have a financial effect on any of the public official's financial interests?

> **Step Two:** Will the reasonably foreseeable financial effect be material? To ascertain materiality, a determination utilizing Regulation 18702 – Materiality Standards is applied.
>
> **Step Three:** Can the public official demonstrate that the material financial effect on the public official's financial interest is indistinguishable from its effect on the public generally?
>
> **Step Four:** If after applying the three-step analysis and determining the public official has a conflict of interest, absent an exception, he or she may not make, participate in making, or in any way attempt to use his or her official position to influence the governmental decision.

According to FPPC regulation Cal. Code Regs., tit.2, § 18700, subd. (a) "A public official at any level of state or local government has a prohibited conflict of interest and may not make, participate in making, or in any way use or attempt to use his or her official position to influence a governmental decision when he or she knows or has reason to know he or she has a disqualifying financial interest. A public official has a disqualifying financial interest if the decision will have a reasonably foreseeable material financial effect, distinguishable from the effect on the public generally, directly on the official, or his or her immediate family, or on any financial interest described in subdivision (c)(6) (A-F) herein." Section (d) provides a four-step process for making a determination "whether a public official has a prohibited conflict of interest under the Act."

TVLC's governing board originally adopted a conflict of interest policy on December 14, 2006, which was subsequently updated in 2008 and 2012. The most recent amendment was approved at the September 24, 2015 board meeting:

Board Policy #100-007

> Each designated employee, including governing board members and candidates for election and/or appointment to the governing board, shall file a Statement of Economic Interest ("Statement") at the time and manner prescribed below, disclosing reportable investments, interests in real property, business positions, and income required to be reported under the category or categories to which the employee's position is assigned in "Exhibit A." All submitted Statement of Economic Interest documents shall be kept in the Corporation's vital corporate documents file. The specific disclosure responsibilities assigned to each position are set forth in "Exhibit B."

Designated positions defined in TVLC's policy include:

- Members of the TVLC governing board
- Candidates for member of the governing board
- Chief executive officer of TVLC
- Principal of any TVLC charter school
- Director of development
- IT director of any TVLC charter school
- Corporate legal counsel
- Accounting/HR manager
- Consultants

- Purchasing manager
- Assistant business officer

The policy states:

> The CEO may determine that a particular consultant, although a "designated position," is hired to perform a range of duties that is limited in scope and thus not required to fully comply with the disclosure requirements in this section. Such written determination shall include a description of the consultant's duties and, based upon that description, a statement of the extent of disclosure requirements. The CEO's determination is a public record and shall be retained for public inspection in the same manner and location of interest code.

The FPPC's rules on conflict of interest codes state that a consultant to an organization "who makes, participates in making, or acts in a staff capacity for making governmental decisions" may be required to complete Form 700 if this provision is included in the organization's conflict of interest code. Numerous consultants were involved in both the 2012 and 2015 bond issuances for TVLC and therefore should have been required to fully disclose all investments, business positions and interest in real property in accordance with these regulations.

If the CEO determined that full disclosure was not required, his written determination is required to be available for public inspection. During FCMAT's review, several requests were made for written determinations yet none were found by existing TVLC staffs. Therefore, various consultants that were engaged in financial transactions, including the 2012 and 2015 bond issuances, should have been required to fully disclose their financial interests per FPPC regulations.

FCMAT requested TVLC's Form 700 – Statement of Economic Interests – for each governing board member and designated employee working at TVLC for the calendar years 2010 through 2016. These forms include a cover page and, as applicable, schedules A-1, A-2, and B through E, as shown in the table below. FCMAT received no forms for 2010.

Cover Page	Name and address Section 1. Office, Agency, or Court Section 2. Jurisdiction of Office Section 3. Type of Statement Section 4. Schedule Summary Section 5. Verification	 Position Title State, County, City, other Annual, assuming or leaving office A-1, A-2, B, C, D, E Signature and date
Schedule A-1	Investments	Stocks, including those held in an IRA or a 401k
Schedule A-2	Investments	Business entities, sole proprietorships, partnerships, LLC, corporations, and trusts
Schedule B	Real Property	Rental property in the jurisdiction
Schedule C	Income, Loans, & Business Positions	Non-governmental salaries of public officials and spouse/registered domestic partner
Schedule D	Income – Gifts	Gifts from businesses (ticket to various venues)
Schedule E	Income – Gifts	Travel payments from third parties (not your employers)

For the calendar years where Form 700 disclosures were received, the former CEO had these forms on file for the last five years; however, two separate filings were received for fiscal year 2012. A total of 71 Form 700 Statement of Economic Interest were provided, representing past and present board members as well as designated employees. FCMAT's examination of the 71 forms reveal several forms did not meet the requirements prescribed by FPPC and TVLC's conflict of interest code as adopted in board policy. FCMAT found that several forms were filed indicating no selection of reportable interests in Section 4 - Schedule Summary.

Specifically, FCMAT found the following anomalies:

Fiscal Year	Description
2011	Fifteen forms were received for this calendar year. Three forms for designated employees – the former CEO, a principal and vice principal – left section four on the cover sheet blank.
2012	Only two forms were received for this fiscal year, even though many staff members remained employed from the prior calendar year in the subsequent year.
2013	Three forms for designated employees – two board members and the former CEO – and a program specialist left section four of the cover sheet blank. One employee did have schedules attached for the section left blank. Two forms for a designated employee left section three of the cover sheet blank.
2014	The former CEO had reportable interest in the prior two years, but reported no interest in this fiscal year. This information does not appear consistent with prior year filings or subsequent years' filings. The former CEO failed to disclose any income received from California Preparatory Academy, San Francisco Bay Preparatory Academy or his international education program.
2015	Upon leaving office, the former CEO submitted the Form 700 with no reportable interest as of February 2015. However, a revised form was later submitted with a June 2015 signature date with reportable interest on Schedule A-1, A-2 & C.
2016	The 2016 disclosure period was not complete at the time of FCMAT's review; however, no Forms 700 were provided to FCMAT for employees who left designated positions during the 2016 calendar year. Government Code 87302 requires employees in designated positions who leave employment midyear to file a revised Form 700 within 30 days of the end of their employment.

Batchelor's Form 700 dated February 3, 2015, Statement of Economic Interests, Leaving Office covers a period from 1-1-15 through the date of leaving office and fails to disclose any business or financial interests outside of TVLC. Batchelor checked the box, "No reportable interests on any schedule."

Subsequent to the form dated February 3, 2015, Batchelor amended his Form 700, dated June 30, 2015 to include Form 700 Schedule A-1 and A-2, Investment disclosures and Schedule C, Income, Loans & Business Positions disclosures.

- Schedule A-1 discloses stocks, bonds, and other interests with less than 10% ownership. Batchelor discloses Apple as the general description of the business in Schedule A-1.
- Schedule A-2 is used for disclosures of Investments, Income, and Assets of Business Entities/Trusts of 10% or greater. Batchelor discloses SFBAPA and CPA in schedule A-2.
- Schedule C discloses TVLC.

The FPPC website at http://www.fppc.ca.gov/Form700.html states,

> "Every elected official and public employee who makes or influences governmental decisions is required to submit a Statement of Economic Interest, also known as the Form 700. The Form 700 provides transparency and ensures accountability in two ways:
>
> 1. It provides necessary information to the public about an official's personal financial interests to ensure that officials are making decisions in the best interest of the public and not enhancing their personal finances.
> 2. It serves as a reminder to the public official of potential conflicts of interest so the official can abstain from making or participating in governmental decisions that are deemed conflicts of interest."

Transparency is important to disclosure and avoiding conflicts of interest. The 2015-16 Form 700 Reference Pamphlet further describes disclosures for leaving office:

> **"Leaving Office Statement:**

Generally, the period covered is January 1, 2015, through the date you stopped performing the duties of your position. If the period covered differs from January 1, 2015, through the date you stopped performing the duties of your position (for example, you assumed office between October 1, 2014, and December 31, 2014, or you are combining statements), the period covered must be specified. The reporting period can cover parts of two calendar years.

- Investments, interests in real property, business positions held, and income (including loans, gifts, and travel payments) received during the period covered by the statement must be reported. Do not change the preprinted dates on Schedules A-1, A-2, and B unless you are required to report the acquisition or disposition of an interest that did not occur in 2015." (emphasis added)

As described above, business positions are required to be disclosed regardless of percentage of ownership. Therefore, Batchelor's business position as the "manager" of GUI required disclosure on Form 700.

The reference pamphlet describes a business entity and conflict of interest as:

Business Entity: Any organization or enterprise operated for profit, including a proprietorship, partnership, firm, business trust, joint venture, syndicate, corporation, or association. This would include a business for which you take business deductions for tax purposes (for example, a small business operated in your home).

Conflict of Interest: A public official or employee has a conflict of interest under the Act when all of the following occur:

The official makes, participates in making, or uses his or her official position to influence a governmental decision;

It is reasonably foreseeable that the decision will affect the official's economic interest;

The effect of the decision on the official's economic interest will be material; and

The effect of the decision on the official's economic interest will be different than its effect on the public generally.

Even a small home-based business entity requires disclosure. Later this report describes Batchelor receiving $6,500 between December 2014 and June 2015. A Federal Form 1099 was not issued for $6,500 in income from TVLC for housing a foreign exchange student.

TVLC's Board Policy #100-007, Conflict of Interest Code, Section III at Designated Employees states:

"Employees of TVLC, including governing board members…who hold positions that involve the making or participation in the making, of decisions that may foreseeably have a material effect on any financial interest shall be 'designated employees.'"

TVLC's Board Policy #100-007, Conflict of Interest Code, Section VI, Statements of Economic Interests: Manner of Reporting at Business Position Disclosure states:

"When reporting business positions, a designated employee shall list the name of each business entity not specified above in which he/she is a director, officer, partner, trustee, employee, or in which he/she holds any position of management; a description of the business activity in which the entity is engaged; and designated employee's position with the business entity."

FCMAT reviewed the former CEO's Form 700 filings, which reveal a significant lack of disclosure of numerous entities in which Batchelor represented both sides of contracts and lease agreements, which benefited him personally. Under the FPPC Political Reform Act, a public official has a disqualifying conflict of interest in a governmental decision if it is foreseeable that the decision will have a financial impact on his or her personal finances or other financial interests (FPPC Section 18702 (a) (1-5)).

To avoid bias or the appearance of possible improprieties, the public official is prohibited from participating in the decision. Batchelor's employment contract for the 2013-14 school year specifically approved Batchelor's employment and board positions with the SFBAPA. However, board members interviewed by FCMAT were not aware of the depth of these financial arrangements with Batchelor's other financial ventures – specifically, Batchelor's involvement with GUI and the creation of Independent Support, LLC to qualify for tax-exempt bond financing for his private schools CPA and SFBAPA. The employment contract states that:

> "During the employment hereunder, the CEO will not, directly or indirectly, engage in any other employment, occupation, consulting or other business activity directly related to the business in which the Corporation is now involved or becomes involved during the term of such employment, nor engage in any other activities that conflict with his obligations to the Corporation."

The following is an excerpt from board meeting minutes where the current CEO, John Zukoski, Jr. discussed how the organizations function together.

> TVLC REGULAR BOARD MEETING Thursday, February 25, 2016, 7:00 pm
>
> "**June 25, 2015**
>
> **"LVCP Exchange Student Program and California Preparatory Academies** Pres. Hall explained that the purpose of this item is to clarify the relationship with CPA; and the exchange program. The CEO explained that the LVCP operates the exchange student program; CPA is completely separate. The exchange program issues I-17 one-year visas for students who want the experience and cultural immersion. CPA is a private school similar to Quarry Lane and other schools. Visas are for up to 4 years. Students are generally looking to enter top US universities. LVCP and CPA will be co-tenants in the 3090 building.
>
> Pres. and the CEO clarified that TVLC will not be running CPA and that they are completely separate. Other than sharing space at 3090, TVLC and CPA are separate entities, and there are no TVLC employees on the CPA payroll. Lessard asked about the distribution of exchange students and where do they go after they leave LVCP. Prin. Dillie said that most are sophomores and juniors who typically go to a private school when they leave LVCP. Lessard asked if LVCP will be a feeder school for CPA. Mr. Dillie stated that there have been no conversations about that. In the future, he plans to limit the number of exchange students to 50 students. Kohn asked about the role of CPA in recruiting of exchange students. The CEO explained that a former employee of TVLC is now the Designated Student Officer for CPA. As of now, she is still involved as the secondary contact. Bill Batchelor is still the primary contact. They are volunteering their time. TVLC is working toward severing the relationship, but TVLC doesn't have the staff at this time. There is no expected date for when the relationship will end. Pres. Hall asked whether the relationship was hurting us. The CEO answered that, no, they are helping. Hall asked if a volunteer could take on the job. The CEO

said that was possible. Goulart stated that the TVLC Board should clarify the differences between the exchange program and CPA, especially given the media attention."

Even with a waiver by the TVLC governing board to sign certain agreements to lease building space, Batchelor continued to materially participate in subsequent decisions and did not disqualify himself from participating as both the CEO of TVLC and the manager of GUI and owner of CPA and SFBAPA and other business interests and still bound by conflict of interest statutes. Because these businesses were not properly disclosed in the Form 700 disclosures documents, the governing board may or may not have been aware of Batchelor's material and personal interests in these transactions. Batchelor had a fiduciary duty to fully disclose and recuse himself from self-dealing and failed to do so.

California Corporations Code Section 5233

The purpose of California Corporations Code Section 5233 is to define self-dealing transactions where the corporation is a party "to which one or more of its directors has a material financial interest …" An extension of this code is included in new requirements in Part VI of the federal Form 990 entitled Governance, Management and Disclosure, which can lead to questions regarding the continuance of tax-exempt status. Regarding nonprofit governance, management and disclosures, the IRS states in its instructions for Form 990, Part VI:

> "…the IRS considers such policies and procedures to generally improve tax compliance. The absence of appropriate policies and procedures can lead to opportunities for excess benefit transactions, inurement, operation for non-exempt purposes, or other activities inconsistent with exempt status."

This report establishes that affiliated and related party relationships existed between the former CEO of TVLC and other nonprofit public benefit corporations and for-profit companies that created intertwined companies evidenced by bond documents, contracts, lease agreements and ownership records. Conclusive documentation supports that the former executive director and close associates exercised significant personal involvement and financial interest, violating conflict-of-interest statutes, California Corporations Code Section 5233 and TVLC's board policy.

Related-Party Transactions, Significant Influence, Self-Dealing

The Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 850-10-50 contains the disclosure requirements for related party relationships and transactions.

The FASB ASC master glossary defines affiliate, affiliated entity, and immediate family as:

> <u>Affiliate:</u> A party that, directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with an entity.
>
> <u>Affiliated Entity</u>: An entity that directly or indirectly controls, is controlled by, or is under common control with another entity; also, a party with which the entity may deal if one party has the ability to exercise significant influence over the other's operating and financial policies.

Immediate Family: Family members who might control or influence a principal owner or a member of management, or who might be controlled or influenced by a principal owner or a member of management, because of the family relationship.

In accordance with 850-10-50, related parties include:

a. Affiliates of the entity.

b. Entities for which investments in their equity securities would be required, absent the election of the fair value option under the Fair Value Option subsection of Section 825-10-15, to be accounted for by the equity method by the investing entity.

c. Trusts for the benefit of employees, such as pension and profit-sharing trusts that are managed by or under the trusteeship of management.

d. Principal owners of the entity and members of their immediate families.

e. Management of the entity and members of their immediate families.

f. Other parties with which the entity may deal if one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests.

g. Other parties that can significantly influence the management or operating policies of the transacting parties or that have an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests.

FASB identified disclosures include:

a. The nature of the relationship(s) involved.

b. A description of the transactions, including transactions to which no amounts or nominal amounts were ascribed, for each of the periods for which income statements are presented, and such other information deemed necessary to an understanding of the effects of the transactions on the financial statements.

c. The dollar amounts of transactions for each of the periods for which income statements are presented and the effects of any change in the method of establishing the terms from that used in the preceding period.

d. Amounts due from or to related parties as of the date of each balance sheet presented and, if not otherwise apparent, the terms and manner of settlement.

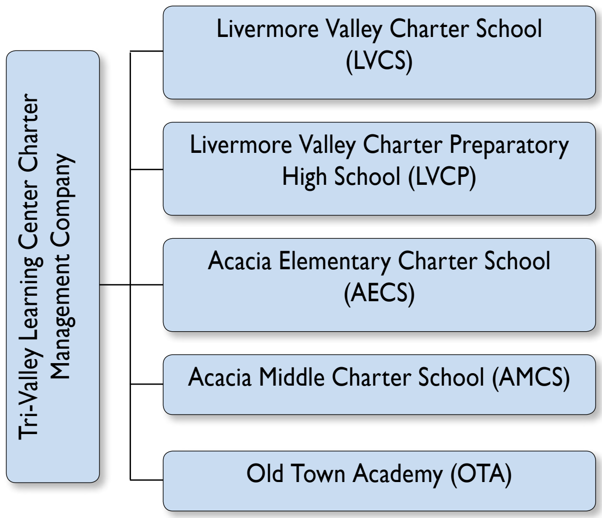
e. The information required by paragraph 740-10-50-17.

It is the responsibility of senior management of TVLC to fully document and disclose to the independent auditors, governing board and the oversight agency all potential related party transactions to comply with Generally Accepted Accounting Principles (GAAP). Failure to disclose related party transactions may be a departure from GAAP that could result in a qualified or adverse audit opinion and the potential for civil and criminal prosecution.

Related Parties, Affiliates, and Conflicts of Interest

The relationships associated with TVLC and several profit and nonprofit companies are intricate, complex and elaborate. Evidence shows that nonprofit and for-profit affiliated entities and related parties that have a material or significant common control and a material economic interest were created to use TVLC to obtain tax-free public bond money through two separate tax-exempt bond issuances: one in 2012, and the other in 2015.

These organizations are affiliated and are related parties:



This report provides sufficient evidence that affiliated or related party organizations may have been manipulated and/or created to divert tax-exempt bonds designated for the acquisition of real estate for TVLC schools. A complex network of companies and sophisticated real estate assignments were used to conceal the use of these funds from the oversight agencies, state agencies, district, bond holders, and all others that relied on the bond disclosure documents, financial statements and independent financial audits.

Property at 3252 Constitution Drive, Livermore, to house the elementary campus was purchased with tax-exempt bonds and converted to private ownership by individuals that were the underwriters of the same transaction. Property at 3090 Independence Drive, Livermore, housing the charter high school and shared with the Batchelor's private schools (CPA and SFBAPA) ultimately was transferred to a foreign held company, Goldstone United Investments, LLC where Batchelor is the managing member. These bond transactions are fully discussed later in this report.

Related party relationships must be transparent and fully disclosed. The audited financial statements provide the oversight agency, investors, banks and other interested parties assurance that the information contained is accurate. By intentionally failing to disclose and fully inform the independent auditor about affiliated entities and how these parties were related, the auditor and oversight agency were prevented from performing their due diligence and fiscal oversight responsibilities, and concealed the true nature of the real estate purchased with public tax-exempt bonds from investors and state agencies.

Affiliated and related parties are specific terms that are embedded in the framework and plain language of GAAP, Generally Accepted Auditing Standards (GAAS), the IRS, the Franchise Tax

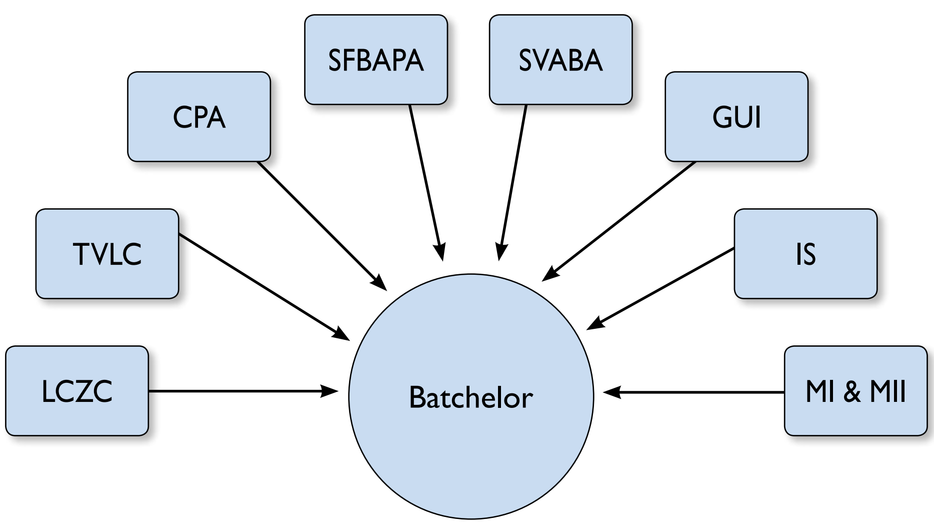
Board, Corporations Code, Business and Professional Code, Education Code and Government Code. It is crucial that audited financial statements are presented fairly and include properly disclosed information to provide full transparency to those that rely upon them.

The following is a partial list of affiliated and/or related parties allegedly involved in converting and diverting public tax-exempt bond financing into the purchase of real property to house a private school. The individuals associated with each of these entities are identified later in this report:

- Tri-Valley Learning Corporation (TVLC)
- Montevina I and Montevina II (MI and MII)
- Livermore Charter Zone Corporation (LCZC)
- Independence Support, LLC (ISC)
- California Preparatory Academy (CPA)
- San Francisco Bay Preparatory Academy (SFBAPA)
- Squaw Valley Academy Bay Area (SVABA)
- Goldstone United Investments, LLC (GUI)

The following entities were in existence at the time the 2015 bonds were sold for the acquisition and improvement of 3090 Independence Drive, and were controlled to some degree by Batchelor. Property located at 3090 Independence Drive is the location of Batchelor's international school, SFBAPA, and TVLC's high school, LVCP. LVCP provided instruction to its charter and to foreign exchange students, which, according to TVLC's current management, provided students to SFBAPA.

The diagram below depicts the relationships between Batchelor and several, but not all, related entities.



Entities and Individuals Involved in Tri-Valley Learning Corporation Transactions

Tri-Valley Learning Corporation is a California public benefit nonprofit corporation that at the time of the issuance of the 2015 bonds operated five charter schools: Livermore Valley Charter Preparatory High School and Livermore Valley Charter School (both located in Livermore), Acacia Elementary Charter School and Acacia Middle Charter School (both located in Stockton), and at one time the Old Town Academy K-8 Charter School (located in San Diego). TVLC was previously known as Livermore Charter Learning Corporation.

On October 1, 2012, TVLC entered into a sublease with the California School Finance Authority regarding educational facilities revenue bonds (Tri-Valley Learning Corporation Project), Series 2012A (tax-exempt bonds), whereby TVLC pledged to pay base rental payments out of TVLC revenues, including general purpose entitlements with respect to Livermore Valley Charter School (LVCS) and Livermore Valley Charter Preparatory High School (LVCP.)

At the time of issuance of the 2012A bonds, Batchelor was designated as chief operating officer of TVLC. At that time, the TVLC Board of Directors consisted of these members: Len DiGiovanni, Neil Cowles, Rick Swiers, Dave Vopnford, John Zukoski, Sr., Jerry Mullins and Tim Hall.

Subsequently, on April 1, 2015, TVLC entered into a lease, as co-tenants with CPA, to acquire facilities located at 3090 Independence Drive, Livermore (Independence Plaza), from Independence Support LLC. Independence Plaza was intended to be the location for LVCP and a private school to be operated by CPA. Connections between Batchelor and these companies will be described more fully later in this report.

At the time of issuance of the 2015 bonds, Batchelor was the chief executive officer of TVLC, John Zukoski, Jr. was its director of finance and Tim Hall was TVLC board president. Together they executed various documents evidenced by their signatures relating to the financing while at the same time Batchelor was in a managing role for CPA.

FCMAT searched various businesses, entities and individuals that were involved in TVLC transactions as signatories to documents referenced in the 2012 and 2015 bond descriptions; referred to in ancillary TVLC documents or proceedings; or located in other related and relevant materials. Companies and names were searched through various online legal and business services that provide reports that show registered agents, possible business associates, employers, UCC filings common addresses and more that allow FCMAT investigators the ability to draw possible connections between certain business entities and individuals. Some of the entities that follow share common addresses, staff and/or leadership. Others were business associates with businesses that were involved in TVLC bond transactions.

<u>Montevina Phase I, LLC and Montevina Phase II, LLC</u>

Just prior to the 2012A transaction, Montevina Phase I, LLC (MI) was the owner of the real property located in Livermore known as the Montevina Phase I property. Montevina Phase II, LLC (MII) was the owner of the real property located in Livermore known as the Montevina Phase II Property. Together, the Montevina Phase I and II properties consisted of 14 buildings. MI and MII each consist of the same two members, Tony Cone and Mark Holmstedt. Both men are also named partners of Westhoff, Cone & Holmstedt, the underwriter for the 2012A bonds. Prior to the transaction, PLF-XIII owned all interest in MI except for the Northstar Phase I deed of trust. PLF-XIV owned all interest in MII except for the Northstar Phase II deed of trust.

During the course of the 2012 bond transaction, certain parcels of property were transferred from MI to MII according to the bond documents as part of an "intercompany transfer" to "provide adequate collateral in connection with certain loans."

As part of the 2012 bond transaction, MI leased the Montevina Phase I property to the California School Finance Authority, and the authority immediately subleased the property to TVLC, which was to acquire the facilities through this transaction.

MI and MII have business addresses in Livermore, Danville, Pleasanton and Walnut Creek. One address associated with MI and II (4900 Hopyard Road, Pleasanton) is also associated with PLF-XI/PLF-XIII/PLF-XIV and ExTerra Realty Partners, LLC. Another address (500 Ygnacio Valley Road, Walnut Creek) is also associated with Westhoff, Cone & Holmstedt (WCH). Another address (3110 Constitution Dr., Livermore) is also associated with ExTerra Realty Partners, LLC.

Individuals associated with MI and MII include: Michael Parker (president of MI and MII, owner/president of Montevina Phase I Owners Association and an executive/owner of ExTerra Realty Partners); David Clock (Danville); and Richard Norris (who is the registered agent for MI and MII and is an attorney at Archer Norris, located in Walnut Creek).

The Montevina Group (as defined in the Membership Interest Purchase and Sale Agreement, dated October 4, 2012) included MI, MII, PLF-XIII, PLF-XIV, ExTerra and Michael Parker. Possible business associates of MI and MII include: ExTerra Realty Partners (Livermore, Pleasanton); N-Star Rel CDO VIII Grantor Trust, Series WW, and Westhoff, Cone & Holmstedt. A secured party of MI and MII is N-Star Rel CDO VIII Grantor Trust, Series WW (399 Park Ave Floor 18, New York, NY), which may be associated with NRFC WA Holdings II, LLC.

NRFC WA Holdings II, LLC (Northstar)

NRFC WA Holdings II, LLC (also referred to as Northstar) held an existing deed of trust on the Montevina Phase I property, which secured a loan to MI, and an existing deed of trust on the Montevina Phase II property, which secured a loan to MII. Northstar made construction loans to MI totaling $20,120,000 between 2007 and 2012, but this amount was reduced to $500 after the 2012 bond transaction and Northstar agreed to subordinate this debt to the 2012A bonds by way of a subordination agreement dated October 1, 2012.

NRFC Sub-REIT Corp., a Maryland corporation, is the sole member of NRFC WA Holdings II, LLC.

Westhoff, Cone & Holmstedt

WCH is a financial services firm located in Walnut Creek. WCH provides investment banking and underwriting for various industries, including charter schools, and was the underwriter for the 2012 bonds transaction.

Mark Holmstedt and Anthony Cone, both named partners of WCH, are also the members of Montevina Phase I, LLC and Montevina Phase II, LLC. FCMAT understands that Mr. Cone is deceased.

Associated with WCH are also MI and MII.

One of the business addresses associated with WCH (500 Ygnacio Valley Road, Walnut Creek) is also associated with MI and MII.

PLF-XIII, LLC and PLF-XIV, LLC

PLF-XIII owned the Montevina I Interest, except for the Northstar Phase I deed of trust. PLF-XIV owned the Montevina II Interest, except for the Northstar Phase II deed of trust.

Name variations of these companies include PLF-XI, LLC; PLF-XIII, LLC; and PLF-XIV, LLC. Possible business associates of PLF-XIII/PLF-XIV include NRFC WA Holdings, LLC (Irving, TX) and ExTerra Realty Partners, LLC. PLF-XI, LLC is the sole member of Iowa Property Owners.

Secured parties of PLF-XI/PLF-XIII/PLF-XIV are NRFC WA Holdings, LLC and NRFC WA Holdings II, LLC.

The address associated with PLF-XI/PLF-XIII/PLF-XIV (4900 Hopyard Road, Pleasanton) is also associated with MI, MII and ExTerra Realty Partners, LLC. Michael Parker is the president of PLF-XIII and an executive/signatory for PLF-XI.

ExTerra Realty Partners LLC

ExTerra Realty Partners LLC are real estate agents and managers.

One of the addresses associated with ExTerra Realty Partners, LLC (4900 Hopyard Road, Pleasanton) is also associated with MI, MII and PLF-XI/PLF-XIII/PLF-XIV. Several of the addresses associated with ExTerra Realty Partners, LLC (4900 Hopyard Road, Pleasanton; 3110 Constitution Dr., Livermore; 3152 Constitution Dr., Livermore) are also associated with MI and MII. The property located at 3152 Constitution Dr. is the subject of the 2012 bonds.

Individuals associated with ExTerra include: David Clock (registered agent for Montevina Phase I Owners Association), Rick Kiper, Julie Parker, Michael Parker (owner/president of Montevina Phase I Owners Association; also associated with MI/MII; listed as an owner of ExTerra Realty Partners), and Tammy Dragotta. Possible business associates include: MI and MII; NRFC WA Holdings II, LLC; Tri-Valley Campus I, LLC.

Mark A. Holmstedt and Anthony E. Cone

Mark A. Holmstedt and Anthony E. Cone own Montevina Phase I & II, LLC. Both men are also named partners of the financial services firm Westhoff, Cone & Holmstedt.

California Preparatory Academy

California Preparatory Academy is a public benefit nonprofit corporation that along with TVLC (as co-tenants), entered into a lease dated April 1, 2015, with Independence Support LLC, to acquire facilities located at 3090 Independence Drive, Livermore (Independence Plaza). Independence Plaza was intended to be the location for LVCP and the San Francisco Bay Preparatory Academy, a private boarding high school. The Squaw Valley Academy Bay Area, a private boarding school, is now located at that address. Batchelor purchased Squaw Valley Academy Bay Area; the two may be separate entities or could have merged. Lease documents show CPA; however, either way both entities are owned by Batchelor.

Batchelor is the owner/president of California Preparatory Academy. As mentioned above, he is also associated with San Francisco Bay Preparatory Academy that currently occupies that space.

One of the addresses for California Preparatory Academy is listed as 3252 Constitution Drive, Livermore, the same address for Independence Support, LLC, and Livermore Charter Zone Corporation (this address was also part of the property subject to the 2012 bonds). Another address for California Preparatory Academy (7901 Stoneridge Drive, Pleasanton) is associated with Independence Oaks, LP; Goldstone/Acre, LLC; Goldstone United Investments, LLC;

Squaw Valley Education Management and Squaw Valley Land, LLC. Another address associated with California Preparatory Academy is 3090 Independence Drive, Livermore, which was the subject of the 2015 bonds, and associated with Independence Support, LLC and Goldstone United Investments, LLC.

A secured party of California Preparatory Academy (and Squaw Valley Land, LLC; Squaw Valley Education Management, LLC and Squaw Valley Academy, Inc.) is Greenlake Real Estate Fund, LLC, located in Pasadena.

The registered agent for service is Julian Zegelman, who is also associated with Goldstone United Investments, LLC.

<u>Independence Support, LLC</u>

The California Statewide Communities Development Authority (the authority) loaned proceeds of the 2015 bonds to Independence Support, LLC to acquire Independence Plaza (3090 Independence Drive, Livermore). Independence Support's sole member is the Livermore Charter Zone Corporation. Independence Plaza was leased from Goldstone United Investments, LLC free of rent for a 50-year term (plus a possible 25-year extension). Independence Support subleased the property to TVLC and California Preparatory Academy, which were jointly and severally liable for the obligations. The location is to be utilized for the LVCP (the charter school high school) and the San Francisco Bay Preparatory Academy, a private boarding high school.

The address for Independence Support, LLC is listed as 3090 Independence Drive, Livermore (which is the same address as 3090 LLC and Squaw Valley Academy Bay Area); another address was 3252 Constitution Drive, Livermore (property subject to 2012 bonds). The registered agent for Independence Support is Derek Austin, attorney for TVLC.

<u>Livermore Charter Zone Corporation</u>

Livermore Charter Zone Corporation (LCZC) is a nonprofit public benefit corporation and the sole member of Independence Support, LLC. LCZC was initially formed in 2008 to own and operate a preschool and instructional daycare center; however, the bylaws were amended in 2011 to redefine LCZC to support TVLC.

Individuals associated with LCZC include: John Zukoski, Jr. (director); Batchelor (initial agent for service of process; president/CEO); Rick Swiers (president, TVLC board member); Brenda Miller, and Cheryl Weaver.

The address listed for LCZC is 3252 Constitution Drive, Livermore (property subject to 2015 bonds).

<u>Goldstone United Investments LLC</u>

Goldstone United Investments, LLC was the owner of Independence Plaza (3090 Independence Drive, Livermore), the 5.56-acre site that was acquired using the proceeds of the 2015 bonds. Previously, 3090 Independence Drive was owned by 3090 LLC, and sold to Goldstone United Investments LLC in 2013.

Individuals associated with Goldstone United Investments include: Batchelor (executive); Xu Liu (executive); Julian Zegelman (also associated with California Preparatory Academy).

The address for Goldstone United Investments is listed as 3090 Independence Drive, Livermore. Another address for Goldstone United Investments was listed as 7901 Stoneridge Drive, Pleasanton, which is the same address as Goldstone/Acre LLC.

Goldstone/Acre LLC

San Francisco Bay Preparatory Academy, which was to be located at Independence Plaza, along with Livermore Valley Charter Preparatory High School, was managed by Goldstone/Acre LLC. Goldstone/Acre LLC has the same address as, and was the sole member of, Goldstone United Investments, LLC, which owned Independence Plaza. Name variations of Goldstone/Acre LLC include Goldstone Acre Education Management, LLC, and Goldstone Acre Land, LLC. It is also associated with Squaw Valley Education Management and Squaw Valley Land LLC (all have the same address: 7901 Stoneridge Drive, Pleasanton). It may also be associated with Squaw Valley Academy Bay Area, and the Livermore International School (which is located at 3090 Independence Drive, Livermore).

Individuals associated with Goldstone/Acre LLC include: Batchelor (executive of Goldstone Acre Land, LLC and associated with Squaw Valley Academy Bay Area).

Independence Oaks LP

Independence Oaks LP purchased Independence Plaza (3090 Independence Drive, Livermore) from 3090 LLC in 2013. Independence Oaks had been instrumental in developing the Independence Plaza and apparently advanced more than $2 million in purchase contract extension payments to 3090 LLC in addition to the contract price. Independence Oaks then sold Independence Plaza to Goldstone United Investments LLC for $18,562,703. Goldstone United Investments then entered into a rent-free ground lease with the borrower, Independence Support, and sold the facilities to Independence Support for $16,247,503. All brokerage commissions were to be paid by Independence Oaks.

The address of Independence Oaks is 7901 Stoneridge Drive, Pleasanton, which is the same address as Goldstone/Acre, LLC; Goldstone United Investments, LLC; Squaw Valley Education Management and Squaw Valley Land, LLC. It is also the same address as ACRE Cresta, LLC, the general partner of the borrower (Independence Oaks) of the 2014 Bond Anticipation Notes (BANs) that were never issued. ACRE Cresta was owned 50% by ACRE Investment Company, LLC, which is also listed at the same address.

3090 LLC

3090 LLC, an affiliate of Balch Enterprises, was the original owner of Independence Plaza (3090 Independence Drive, Livermore). This property was leased to TVLC and Bay Area Preparatory Academy Foundation pursuant to a lease dated February 22, 2013.

3090 LLC had apparently been under contract to sell Independence Plaza to Independence Oaks LP since 2013. Independence Oaks had been instrumental in development of the project and had advanced more than $2 million in purchase contract extension payments to 3090 LLC in addition to the contract price. The October 8, 2013 Addendum to Agreement noted TVLC/BAPAF was in default and had not paid rent since August 2013. The property was then purchased by Goldstone United Investments later in 2013.

Balch Enterprises Inc. purchased 3090 Independence Drive in 2006 from Yang Bioscience, LLC. At that time, the assessed value of the property was $12,394,000.

Other Individuals Involved or Associated with the Transactions Arising from the 2012 and 2015 Bonds

Lynn Lysko: current TVLC CEO

John Zukoski, Jr.:

- TVLC – interim CEO, director of finance
- Livermore Charter Zone Corporation – director, board member

Michael Parker:

- Montevina Phase I – prior owner
- Montevina Phase II – prior executive
- ExTerra Realty Partners – owner

David Clock: Montevina Phase I, registered agent

Richard Norris: Attorney from Archer Norris, associated with Montevina Phase I & II

Richard Swiers: TVLC board member, original agent for service of Livermore Valley Charter School

Batchelor:

- Former TVLC CEO (until 8-27-15); chief operating officer, acting secretary of TVLC (during 2012)
- Initial agent for service of process of Livermore Charter Zone Corporation
- Executive of Goldstone Acre Land, LLC and associated with Goldstone/Acre, LLC, which operates San Francisco Bay Preparatory Academy
- Owner of California Preparatory Academy
- Associated with Squaw Valley Academy Bay Area, the Livermore International School located at 3090 Independence Drive, Livermore.
- CFO and secretary of the board of San Francisco Bay Preparatory Academy Foundation in 2014 (SFBAPAF), and one of three board members in 2014.
- Executive with Goldstone United Investments

Many of the entities and individuals involved with both the 2012 and 2015 bond transactions have close relationships and were involved in the 2014 BAN transaction that was never consummated. Close relationships such as these raise the question of whether these transactions were truly arm's-length and raise serious concerns about conflict of interest. The failure of a transaction to be negotiated and entered into in an arm's-length setting can significantly contribute to deficiencies in the transaction's framework.

Related Parties Defined by the 2015 Bonds Tax Certificate

The 2015 Bonds Tax Certificate Section 1.6, Definitions, describes a related person as:

> "(i) Any organization having common management and control with any organization described in Section 501(c)(3) of the Code. This would include any other 501(c)(3) organization if both organizations have (a) significant common purpose and substantial common membership, or (b) directly or indirectly, substantial common direction." (emphasis added)

A multitude of documents evidence Batchelor's involvement with TVLC, LCZC, ISC, CPA, GUI and SVABA. Collectively, they had a common purpose, common membership and common direction. These relationships are so commingled that there are no boundaries of separation, as evidenced by cash transfers between entities based on cash flow needs at any given time. This report depicts hundreds of cash transactions between these entities while Batchelor was CEO of TVLC and owner or manager of these other entities.

The 2015 Tax Certificate also represents at Section 3.7 that the 2015 bonds are not an attempt to circumvent certain requirements of the Internal Revenue Code to enable any parties to the transaction, or related persons to exploit the difference between tax-exempt and taxable interest rates to gain a financial advantage. Notwithstanding this representation, the existence of numerous related and unrelated parties to the 2015 transaction and its revenue raises the issue of whether the transaction resulted in an improper financial advantage for one or more of such parties. Signatories to the 2015 Tax Certificate include John Zukoski, Jr. on behalf of both Independence Support, LLC and Livermore Charter Zone Corporation; and William Batchelor on behalf of both Tri-Valley Learning Corporation and California Preparatory Academies.

California School Finance Authority Educational Facilities Revenue Bonds (Tri-Valley Learning Corporation Project), Series 2012A

The Series 2012A bonds were issued by the state of California's School Finance Authority on September 25, 2012 under the authorization of the California School Finance Authority Act (Education Code Sections 17170 through 17199.6). The bonds are one component of a complex public finance and simultaneous complex real estate transaction. At the time of their issuance, the bonds were unrated. The principal amount of bonds issued, $27,500,000, generated $24,813,000 in project funds. Bond proceeds were loaned to the TVLC to finance charter school projects.

The Bonds and the Underlying Project

The limited offering memorandum for the bonds states that the projects financed from bond proceeds were to be used for the acquisition and improvement of land and buildings, along with playfields, to accommodate TVLC's Livermore Valley Charter School (grades K-8) and the Livermore Valley Charter Preparatory High School (grades 9-12).

The buildings to be acquired were part of the Montevina Office Park, owned in combination by Montevina Phase I, LLC and Montevina Phase II, LLC. The office park is located in the city of Livermore. The transaction included the acquisition by TVLC of 12 of the 14 buildings in the office park, referred to as Phase I along with the purchase of two remaining buildings and the acquisition of a vacant 12.4-acre parcel of property referred to as the Campus Lot, referred to as Phase 2. Together Phase I and Phase II in this report are called the projects or the 2012A projects.

TVLC leased two additional buildings in the office park with an option to purchase. These two properties were acquired outside of the 2012A bonds transaction. Appendix A to this report is an excerpt from the offering memorandum that describes the 2012A projects in greater detail.

At the time of acquisition, the 2012A projects, Phase I and Phase II, were appraised, in "fully constructed and functional form," at $19,275,000 on May 18, 2011 according to the appraiser's report.

At the close of the 2012A bonds, the authority made a one-time, up-front rental payment from bond proceeds of $7.4 million for the Phase I Montevina buildings in exchange for the right to sublease the underlying property and the right to make improvements to the property. An additional $15 million in bond proceeds was also set aside and utilized for costs relating to the Phase 2 acquisition and other project costs.

Prior to the 2012A bond transaction, Montevina Phase I, LLC and Montevina Phase II, LLC, had entered into certain mortgage loans for portions of the properties that were later acquired with bond proceeds (described above). These mortgage loans remained due and payable at the time of issuance of the bonds. The loans were apparently restructured at the time the bonds were issued so that the amount paid from bond proceeds to purchase the properties was sufficient to pay off the pre-existing mortgages.

At the time the bonds were issued, the offering memorandum represented that the projects had been approved by the city of Livermore for the school including improvement. FCMAT is not aware of any change to these circumstances.

At the date of closing of the bonds, the ownership of Montevina Phase I, LLC and Montevina Phase II, LLC was transferred to Anthony Cone and Mark Holmstedt of the Westhoff, Cone & Holmstedt firm, also acting as the underwriter on the bonds.

A portion of the bonds are in the form of QSCBs administered under a program overseen by the U.S. Treasury Department and the state of California. Such bond funds were made available to TVLC in the form of the subleases between the authority and TVLC. Repayment of the principal amount of the QSCB is due upon expiration of the subordinate subleases. Under the finance plan described in the offering memorandum, ownership to the buildings described in the bond documents is to be conveyed to TVLC provided that all payments due under the leases are made.

<u>Sources of Revenue for Repayment of the Bonds</u>

TVLC is contractually bound under the terms of the various contracts relating to the bonds to provide funds sufficient to repay the bonds along with other costs and expenses. There are primarily four sources of funds for repayment of the bonds. These include:

1. Intercept funds
2. Funds paid pursuant to the loan agreement
3. Funds received by the trustee pursuant to the sublease
4. Income derived from the investment of funds under an indenture

The intercept funds are an initial source of funds for repayment of the bonds. These are funds derived from TVLC by way of the intercept notice. Education Code Section 17199.4 provides that upon instructions delivered to the State Controller in the form of the intercept notice by TVLC, the State Controller is authorized to apportion funds to the trustee on specific dates in amounts sufficient to repay the bonds.

Funds made available by way of the intercept notice are derived from Section A funds of the state school fund. These funds are designated for apportionment as part of the charter school categorical block grant pursuant to Education Code Section 47634.2. There are two factors that can limit the payment of the apportionment under the intercept notice. First, limitations may be imposed on TVLC's ability to receive these funds based on lack of enrollment, disqualification to operate, or bankruptcy. Second, the State Controller may reduce or eliminate the intercept payment as a result of state apportionment shortages at any time during the life of the bonds.

Second and third sources of revenue for bond repayment are funds paid by TVLC under the loan agreement between the authority and TVLC, along with funds paid by TVLC under the subordinate obligation sublease. The sources for such funds are to be derived from TVLC's gross revenues, which are defined as all revenues received by TVLC with respect to schools it operates, including revenue derived by way of the intercept notice.

A fourth source of funds for bond repayment may be from investment earnings under the indenture for the 2012A bonds from the investment of funds held in various accounts. Investment earnings are to be deposited in the bond's revenue fund and pledged under the indenture for the repayment of the bonds.

The indenture provides further guidance on the sources of revenue available for repayment of the bonds. Under the terms of the indenture, payments in satisfaction of the bond obligation are assigned for this purpose, to the trustee for the benefit of the bondholders. Such payments are defined as revenue derived from the four sources described above.

The term "gross revenue" is used in several contexts in the various agreements for the bonds. For example, both the loan agreement and the sublease limit the source of funds available for repayment of the bonds to gross revenues. Under the indenture, gross revenues are defined generally as revenues received by the Livermore Valley Charter School and Livermore Valley Charter Preparatory High School, along with any other revenues derived from the operation of any other "Tri-Valley at the Facility." The phrase "Tri-Valley at the Facility" can reasonably be interpreted to mean any charter school operated by TVLC in the buildings that were acquired with proceeds from the 2012A bonds. However, revenues from TVLC operations elsewhere, such as in San Joaquin County or San Diego County, likely would be excluded as a funding source for repayment of the 2012A bonds.

The agreements entered into as a part of the 2012A bonds transaction also include an intercept arrangement, as described above, under which TVLC effectively guaranteed the repayment of the bonds by instructing the State Controller's office to make specified payments to the bond trustee from TVLC's revenue sources pursuant to the Education Code. To the extent these revenue sources were to become insufficient to make lease payments under the bond terms, repayment of the bond would be inadequate.

To further secure repayment of the 2012A bonds, Montevina Phase I, LLC executed a deed of trust creating a lien against its fee interests in the buildings. Under the deed, priority liens have been created and presumably recorded on the buildings in favor of the bond trustee, as further security for the bonds. Although FCMAT did not locate the liens for review, the liens would presumably convey foreclosure rights to the bond trustee over the buildings in the event of an uncured default in the repayment.

The sale of the 2012A bonds was expressly limited to certain sophisticated buyers referred to as qualified institutional buyers by the Securities and Exchange Commission. The subsequent sale or transfer of the bonds to future bondholders may only be accomplished upon satisfaction of similar transfer restrictions. The relatively complex and potentially risky nature of the transaction contributed to this restriction on potential purchasers for the bonds.

<u>Optional or Mandatory Redemption Following Issuance of 2012A Bonds</u>

With respect to the Series 2012A term bond maturing on June 1, 2047, to comply with TVLC's continuing disclosure obligations, event notices have been filed in connection with the mandatory redemption payments due on each June 1 of 2014, 2015 and 2016. Of concern is that the transcript documents do not provide a mandatory redemption schedule for the Series 2012A term bond maturing on June 1, 2032. Furthermore, no event notices have been filed in connection with the 2032 maturity. It is assumed for purposes of this report that mandatory redemption payments are not yet due on the 2032 maturity.

Opinion of Bond Counsel and Tax Certificate

The Orrick, Herrington and Sutcliffe firm served as bond counsel on the bond transaction and issued its opinion dated October 4, 2012, stating that interest on the bonds is excluded from gross income for federal income tax purposes. The opinion also states that the bonds are binding obligations of the authority, secured by apportionments from the State Controller's office. Generally, an opinion of bond counsel in a finance transaction references the date of closing of the transaction. In other words, the opinion does not apply to circumstances that arise, or actions that occur following the closing of the bonds. It is never possible to predict with certainty the long-term success of a bond issue.

The Orrick firm also prepared a tax certificate in support of the tax-exempt nature of the bonds. See Appendix C. That tax certificate includes certain representations regarding the bonds and specifically states that TVLC, the property sellers (Montevina Phase I, LLC or Montevina Phase II, LLC) or other sellers of the property are not "related persons" as that term is defined in the tax certificate. The tax certificate defines related persons as persons or organizations that directly or indirectly control other persons or organizations in the transaction. This representation would imply that the sale of the various buildings and property to TVLC in the 2012 transaction was an arm's length transaction, according to the tax certificate. Nevertheless, as can be seen by the description of the parties to the transaction, there are numerous common names and other common elements between the individuals and entities that were involved in the 2012A bonds transaction and the related real estate transaction described above. This suggests that at least some of the transactions between the parties may not have been at arm's length.

Risk Factors and Bankruptcy

The offering memorandum lists a variety of risk factors for bond purchasers to be aware of in evaluating the bonds. The risk factors clearly state that the bonds are not general obligations of the state of California, other than the authority, and are payable solely from the funds provided by way of the indenture and the various lease agreements among the parties, primarily the intercept arrangement as described above.

The risk factors also list potential operational problems of TVLC that could affect repayment. Risk factors specifically stated include the potential failure of TVLC to attract a sufficient number of students to generate adequate levels of revenue, or the voluntary and/or involuntary bankruptcy filing by TVLC as possible risk factors for potential purchasers for the repayment of the bonds. In fact, bankruptcy was filed in November 2016 on behalf of TVLC in the United States Bankruptcy Court for the Northern District of California, and a case number has been assigned. See Appendix F.

On or about December 1, 2016, a notice was filed by UMB Bank advising that interest has not been paid to certain owners of the 2012A bonds and that the bankruptcy proceedings described above (see Appendix G) have been filed. UMB Bank is currently the trustee on the bond transaction. The Bank of New York Mellon provided notice dated November 1, 2013 that subsidy payments due under the bond transaction had not been received on their October 21, 2013 due date. It is unclear if either of these delinquencies has been cured.

Charter schools are funded on current year average daily attendance but receive advance funding based on prior year enrollment until the California Department of Education receives attendance reports in December. Adjustments to funding based on the December data, high or low, occur in the apportionment payments due from February through June. During the current fiscal year, TVLC has experienced a sharp decline in enrollment, losing 35% of students with an estimated revenue loss of $4,140,179. This is a result of the continued turmoil between the parents and authorizers of the charter schools in both Stockton and Livermore. News of its bankruptcy filing in November 2016 only worsened the situation.

As a result of this funding loss, the intercept scheduled payment did not occur and the 2012A bonds are now in default. The trustee for the bonds is entitled to pursue foreclosure and other remedy strategies on behalf of the bond owners. These strategies may include litigation brought by the trustee on behalf of the bond holders to enforce the payment requirements and other terms of the leases and related documents. TVLC's status as a debtor in bankruptcy proceedings will have a direct impact on the trustee's litigation options.

California Municipal Finance Authority Taxable Educational Facilities Bond Anticipation Notes, Series 2014 and Other TVLC Short- and Long-Term Borrowings

The Series 2014 Notes - BANS

FCMAT obtained a copy of a preliminary limited offering memorandum for the Series 2014 Bond Anticipation Notes (BANS). The BANS described in the preliminary limited offering memorandum were anticipated to be dated May 1, 2014 and to remain outstanding until their repayment date of May 1, 2018. The BANS were initially to be repayable earlier than 2018, on each anniversary date leading up to May 1, 2018.

The preliminary offering memorandum for the BANS states that the BANS were intended to raise funds on a short-term basis to undertake the projects that were later funded through the issuance of the California Statewide Communities Development Authority Series 2015 bonds.

According to interviews with individuals intricately involved in the formation of this transaction, the failure of Batchelor and his investors to deposit funds to close the transaction prevented the issuance of the BANS. A review of the transcript documents for the Series 2015 bonds has no reference to the BANS, and no provision is made for repayment. In addition, the audited financial statements for TVLC as of June 30, 2015 (the 2015 TVLC audit) makes no reference to the existence of BANS (see Appendix E).

In addition to the references listed above, Municipal Securities Rulemaking Board's Electronic Municipal Market Access System (EMMA) makes no reference to the issuance of a BAN by the authority on behalf of TVLC, or the issuance by any other entity of a BAN on behalf of TVLC.

From this review, FCMAT has determined the BAN referred to in the preliminary offering memorandum was never issued and sold.

Other TVLC Short- and Long-Term Borrowings

The team has also reviewed the 2015 TVLC audit (Appendix E) and has noted that the 2015 TVLC audit lists a $675,000 line of credit with Heritage Bank of Commerce, along with a Stand-by Letter of Credit with Heritage Bank for $200,000, in favor of California School Finance Authority. The authority was the issuer of the Series 2012A Bonds on behalf of TVLC.

The 2015 TVLC audit also contains references to the Series 2012A bonds along with the Series 2015 bonds as long-term debt of TVLC.

FCMAT learned from interviews that this was an attempt by Batchelor, his Chinese investors and a local real estate development company, Acre Investment Company, LLC, to issue private BANS for the 3090 Independence Drive project that was ultimately funded by the Series 2015 bonds.

Acre Investment Company, LLC and its education real estate development arm, Acre Education, LLC (collectively Acre), were working together to purchase the project site and facility using nonpublic money for Batchelor's private school, San Francisco Bay Preparatory Academy (SFBAPA), but the deal fell through when the foreign investment failed to fully materialize.

An interviewee stated that Batchelor persuaded Acre that he and his Chinese investors could make the purchase of 3090 Independence Drive happen because the Chinese investors had already given Batchelor over $2 million. Based on this information, Acre investors pledged $4.5 million with the assistance of Oppenheimer & Co., Inc., an investment banker firm, to complete the taxable private bond issuance.

According to those FCMAT interviewed, the escrow to purchase 3090 Independence Drive from 3090, LLC failed in 2012 and again in 2013 along with eight escrow amendments, and a third time in January 2014. Interviewees cited the Chinese investors' inability or lack of desire to provide the large amount of funding. Meanwhile, extension payments totaling $1,304,400 were paid to 3090, LLC, the owner of the project site and facilities.

FCMAT was unable to obtain escrow documents that disclosed each of the extension payments; however, several individuals claim these payments were made in March, May, July, August, and October 2014, with a final payment in March 2015.

California Statewide Communities Development Authority Educational Facilities Revenue Bonds (Independence Support, LLC Project), Series 2015

The Series 2015 bonds dated May 8, 2015 were issued by the California Statewide Communities Development Authority under the authorization of the California Joint Exercise of Powers Act (Government Code Sections 6500 through 6599.3) and pursuant to an indenture between certain parties to the transaction. Similar to the 2012A bonds, the 2015 bonds represent one component of a complex and simultaneous public finance and real estate transaction. This transaction accomplished additional elements of a nonpublic school development plan that had previously been initiated with the issuance of TVLC's Series 2012A bonds by the California School Finance Authority. The 2015 bonds were unrated at the time of their issuance. The principal amount of 2015 bonds issued was $25,540,000.

The Bonds and the Underlying Project

The project described in the limited offering memorandum for the bonds consists primarily of the acquisition and improvement of a building referred to as Independence Plaza, constructed in 2002. See Appendix B. Proceeds from the bonds were loaned by the development authority to Independence Support, LLC (ISC). With the loan, as further described below, ISC was able to acquire Independence Plaza and to then lease the building (through its sole member, the Livermore Charter Zone Corporation) to both TVLC for charter school purposes, and to the California Preparatory Academy (CPA) for the operation of a private school on the site. At the time of the closing of the bonds, certain proceeds of the bonds were utilized by Goldstone United Investments, LLC to acquire the site and its facilities from the former owner, 3090, LLC.

The sale of the 2015 bonds, like the 2012A bonds, was expressly limited to qualified institutional buyers by the Securities and Exchange Commission. The subsequent sale or transfer of the bonds to future bondholders may only be accomplished upon satisfying similar transfer restrictions. The relatively complex and potentially risky nature of the transaction likely contributed to this restriction on potential purchasers for the bonds.

At the time of acquisition, the 2015 project was appraised utilizing a cost approach to value. As a result, the values arrived at were $24 million for the facilities comprising the project and an additional $2.2 million for the project site. Appendix B is an excerpt from the offering memorandum describing the 2015 project in greater detail.

<u>Optional or Mandatory Redemption Following Issuance of Series 2015 Bonds</u>

With respect to the Series 2015 term bond maturing on June 1, 2025, to comply with ISC's, TVLC's, and CPA's continuing disclosure obligations, an event notice was properly filed in connection with the mandatory redemption payment due on June 1, 2016.

<u>Sources of Revenue for Repayment of the 2015 Bonds</u>

By way of the loan from the development authority to ISC, 2015 bond proceeds were used by ISC to fund project costs. ISC agreed to repay the loan from the proceeds of gross revenues, as described below.

Separately, ISC entered into the lease with TVLC and CPA referenced above. That lease authorized TVLC and CPA to make use of the project's facilities for their ongoing charter school and private school operations. Rent obligations under the lease agreement include funds necessary to repay amounts due under the loan, which are based in part on the debt service schedules for the bonds.

TVLC's obligations under the lease are payable from gross revenues. TVLC gross revenues under the indenture are defined as *all funds received by TVLC from the operation of the charter schools that are legally available for the payment of TVLC's obligations under the lease*. However, specifically omitted as an income source for repayment of the 2015 bonds are (1) funds from the 2012 intercept arrangement used to secure the 2012A bonds (see description of 2012A bonds included in this report), (2) the subsidy payment as described below, and (3) certain other limited funds. The subsidy payment is defined in the indenture for the 2012A bonds as any payment of refundable tax credit amounts payable under the federal government's QSCB program. Such subsidy payment is applicable to that portion of the 2012A bonds issued as QSCBs.

CPA's obligations under the lease are payable from CPA gross revenues and are defined as all revenue received by CPA from the operation of its schools at the project as well as other activities of CPA at the site that result in revenue legally available for payment of rent.

As additional security for repayment of the 2015 bonds, ISC, TVLC and CPA apparently executed deeds of trust creating liens against their interests in the Independence Plaza property. Under the deeds, liens have been created and presumably recorded on Independence Plaza in favor of the 2015 bond trustee, as further security for the bonds. FCMAT has not located the liens for review; however, they would likely convey foreclosure rights over Independence Plaza to the trustee in the event of an uncured default in the repayment of the bonds.

Under a separate memorandum of understanding (MOU) between TVLC and CPA, the parties agreed to meet annually to determine their respective space and budget needs and then allocate between themselves their portions of the rent and other financial obligations due under the lease.

The MOU also reiterates the joint and several responsibility of the two parties to pay rent and other expenses under the lease.

According to the offering memorandum, TVLC will manage the charter school operation at the site, and CPA's private school will be managed by Goldstone/Acre, LLC. Amounts payable by CPA to Goldstone/Acre LLC are subordinate to CPA's obligations under the lease for the bonds.

Rental payments under the lease described above are pledged as a source of revenue to repay the 2015 bonds. The offering memorandum states specifically as follows:

> "There can be no assurance that revenues generated by TVLC from the charter schools and by CPA from the private school will be sufficient to provide for the timely payment of all rent pledged for the repayment of the 2015 Bonds."

Opinion of Bond Counsel and Tax Certificate

As described above, the Orrick, Herrington and Sutcliffe firm served as bond counsel on the 2015 bonds transaction and the 2012A bonds transaction. That firm issued its opinion dated May 8, 2015 stating that interest on the bonds is excluded from gross income for federal income tax purposes. The opinion further states that the 2015 bonds are binding obligations of the development authority, secured by amounts held in trust by the trustee, pursuant to the indenture. As previously stated, an opinion of bond counsel in a finance transaction speaks as of the date of closing of the transaction and does not apply to circumstances that arise, or actions that occur following the closing of the bonds. It is never possible to predict with certainty the long-term success of a bond issue.

The Orrick firm also prepared a tax certificate in support of the tax-exempt nature of the 2015 bonds. See Appendix D. Similar to the firm's tax certificate for the 2012A bond transaction, the tax certificate for the 2015 bonds represents that the parties to the transaction will not be exploiting the difference between tax-exempt and taxable interest rates to gain a material financial advantage.

Nevertheless, it is clear that certain parties to the 2015 bond transaction had pre-existing and extensive business and professional relationships with other parties to the transaction and that as a result, the transaction provided financial benefits to not only the underlying charter school operator, but several other entities involved in the transaction.

The 2015 limited offering memorandum contained several financial covenants made by the borrower, specifically that:

The borrower covenants:

- To maintain books and records separate from any other person
- To maintain its accounts separate from any other person
- Not to commingle assets with those of any other person
- To conduct its own business in its own name
- To pay its own liabilities out of its own funds
- To observe all corporate formalities
- Not to guarantee or become obligated for the debts of any other entity or hold out its credit as being available to satisfy the obligations of others, subject to the provisions of the Loan Agreement described within "– Additional Debt" under this subheading
- Not to acquire obligations or securities of its partners, members, or shareholders

- To hold itself out as a separate entity
- To correct any known misunderstanding regarding its separate identity and
- To maintain adequate capital in light of its contemplated business operations.

The preliminary offering memorandum for the 2014 BANS (which were never issued) contained similar language to that of the 2015 limited offering memorandum and included an arm's length provision that the 2015 issuance *did not* contain:

The borrower covenants:

- To maintain books and records separate from any other person or entity
- To maintain its accounts separate from any other person or entity
- Not to commingle assets with those of any other entity
- To conduct its own business in its own name
- To pay its own liabilities out of its own funds
- To observe all corporate formalities
- *To maintain an arm's-length relationship with its affiliates*
- Not to guarantee or become obligated for the debts of any other entity or hold out its credit as being available to satisfy the obligations of others
- Not to acquire obligations or securities of its partners, members, or shareholders
- To hold itself out as a separate entity
- To correct any known misunderstanding regarding its separate identity and
- To maintain adequate capital in light of its contemplated business operations.

Both the 2014 transaction, which was never consummated, and the 2015 transaction contained financial covenants made by the borrower. However, the covenant to maintain an arm's-length relationship was explicitly absent from the 2015 limited offering memorandum.

Additionally, the 2015 limited offering memorandum notes there is no common ownership among 3090 LLC, Independence Oaks, Goldstone United Investments or Independence Support. However, based on the entities' addresses and individuals involved, it appears there was at least overlap of some sort between Independence Oaks, Goldstone United Investment and Independence Support.

Risk Factors and Bankruptcy

In addition to other repayment risks described below in this report, the offering memorandum for the bonds makes the following specific disclosure:

> "The obligation to pay Base Rent is a joint obligation of the tenants. The private school ("CPA") has no operating history, and management of TVLC anticipates that Tri-Valley Gross Revenues will be sufficient to provide for the payment of all base rent owed under the lease. However, there can be no assurance that Tri-Valley Gross Revenues, without any contribution from CPA from successful operation of the private school, will be sufficient to provide for the timely payment of base rent."

The offering memorandum specifically identified a voluntary or involuntary bankruptcy filing by TVLC as an additional risk to potential purchasers of the bonds. Indeed, a bankruptcy was filed in November 2016 on behalf of TVLC to the United States Bankruptcy Court for the Northern District of California, and a case number has been assigned. See Appendix F.

On or about March 28, 2017, a notice was filed by U.S. Bank National Association, the trustee for the 2015 bonds, advising that TVLC and CPA, as tenants under the lease, failed to comply or perform in accordance with the lease, including, but not limited to, the failure to pay rent, the failure to provide evidence of insurance, and that TVLC has become a debtor as defined in an 11 U.S.C. § 101 bankruptcy proceeding. See Appendix G. It is likely the case that as a result of these facts, the trustee for the bonds is entitled to pursue foreclosure and other remedy strategies on behalf of the owners of the bonds. Just as the case with the 2012A bonds, strategies may include litigation brought by the trustee on behalf of the bond owners to enforce the payment requirements and other terms of the lease and related documents. TVLC's status as a debtor in bankruptcy proceedings will have a direct impact on the trustee's litigation options.

Ongoing Disclosure Obligations

In connection with the Series 2012A bonds, TVLC and The Bank of New York Mellon Trust Company, N.A., as dissemination agent, entered into a continuing disclosure agreement (the 2012A disclosure agreement). By way of the 2012A disclosure agreement, TVLC committed to assist the underwriter in complying with Securities and Exchange Commission Rule 15c2-12 for the benefit of the owners of the 2012A bonds. Under the 2012A disclosure agreement and in compliance with Rule 15c2-12, TVLC is obligated to file annual reports containing various financial information (as specifically identified in the 2012A disclosure agreement). In addition, should a significant event occur, as set forth in the 2012A disclosure agreement and Rule 15c2-12, TVLC must also file a notice of such event. All filings made pursuant to the 2012A disclosure agreement may be found online at http://emma.msrb.org/Home/Index (EMMA).

With regard to the Series 2012A bonds, evidence suggests that TVLC has filed its annual reports and event notices. Such event notices include notices of mandatory redemption payments, as well as a notice of nonpayment of interest, a notice of TVLC's bankruptcy filing, and a notice of unscheduled draws on various funds under the indenture for these bonds.

In connection with the Series 2015 bonds, ISC, TVLC, CPA and U.S. Bank National Association, as dissemination agent, entered into a continuing disclosure agreement (the 2015 disclosure agreement). Similar to the 2012A disclosure agreement, by way of the 2015 disclosure agreement, ISC, TVLC, and CPA committed to assist the underwriter in complying with Securities and Exchange Commission Rule 15c2-12 for the benefit of the owners of the 2015 bonds. ISC, TVLC, and CPA are each required to file annual reports with the contents as specified in the 2015 disclosure agreement. In addition, ISC is required to file significant event notices, as set forth in the 2015 Disclosure Agreement and Rule 15c2-12.

With regard to the Series 2015 bonds, ISC, TVLC, and CPA have each filed annual reports. An event notice has been posted in connection with the mandatory redemption payment for the Series 2015 bonds. In addition, recently, a notice of default and breach of lease agreement was posted to EMMA. The notice provided that the defaults include failure to pay rent, failure to provide evidence of insurance, and TVLC becoming a debtor as defined in 11 U.S.C. § 101.

Unlike the Series 2012A bonds, no event notice is posted for the Series 2015 bonds with regard to or concerning TVLC's bankruptcy filing (other than the mention in the notice of default of TVLC's status as a debtor).

Diversion of Funds

A May 2016 article by the Center for Popular Democracy, *"Charter School Vulnerabilities to Waste, Fraud, and Abuse,"* https://populardemocracy.org/sites/default/files/FraudandMismgmt5-3-14%28FINALx3.0%29REV.pdf expressed concerns about charter spending practices, insufficient oversight and growing fraud in charter schools.

While charter schools are subject to reporting requirements and monitoring by oversight bodies, the article states that inadequate monitoring systems and the failure of oversight agencies to properly monitor charter schools has led to more than $216 million in known "fraud, waste and abuse." Funding for charter schools continues to rise and has now "reached over $30 billion annually." The article cites accountability and transparency as critical elements to detect and deter fraud and cites a number of documented cases where charter operators have diverted school funds to support their private businesses.

An April 2017 article, *"Spending Blind"* by In the Public Interest, discusses charter facility funding:

> "... no effective policy guidance – other than ensuring recipients are financially sound, competently managed, and legally compliant – for large sums of taxpayer dollars that annually pay for the lease, construction, and purchase of charter school buildings. In terms of educational policy, there effectively is no targeting for charter facilities funding. It's as if legislators turned on a faucet of money and then just walked away."

Schemes that involve the diversion of funds generally require that the organization remove or interfere with effective oversight, and mislead or misinform the independent auditor. However, it was well publicized that significant related-party relationships existed between TVLC and Batchelor's private school. District oversight agencies, both in Livermore and Stockton, issued numerous notices of concern and notices of violation, yet little could be done to stop the issuance of millions of dollars of bonds that exceeded the capacity of TVLC to effectively manage. Letters of concern by the district, parents and citizens expressed concern regarding the large debt load and questioned enrollment projections to sustain the debt repayment on the first bond issuance.

Even after the district, parents and citizens filed written concerns with state agencies and the Alameda County Board of Supervisors, the California Statewide Communities Development Authority issued $25 million more for the benefit of TVLC's charter high school in the 2015 bond issuance.

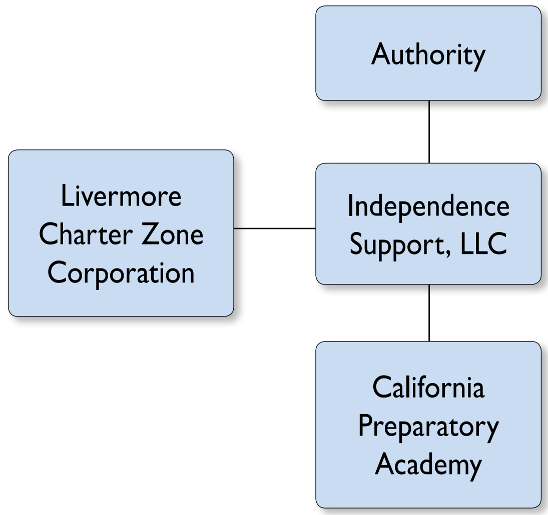
Part of the standard annual audit process involves direct questions regarding related parties and internal controls. It is the responsibility of TVLC management to disclose pertinent information to the auditor regarding the true nature of related parties, and management failed in its fiduciary duty to disclose these relationships.

Diversion of Assets – Use of Public Funds and Public Entities for Private School Gains

The 2015 Bonds Tax Certificate and Agreement, dated May 8, 2015, is between the California Statewide Communities Development Authority and Independence Support, LLC – also known as Independence Support Corporation, LLC (ISC), LCZC, TVLC, and CPA.

Batchelor created ISC for the sole purpose of issuing tax-exempt bonds following the collapse of the 2014 BANS. Batchelor stated in interviews that LCZC's 501(c)(3) status was used until ISC could obtain a 501(c)(3) determination letter from IRS, thereby allowing the authority to issue tax-exempt bonds. ISC listed Batchelor as the registered agent and LCZC as the sole member of ISC.

Batchelor controls ISC, which is named as the borrower to which he has an economic interest. ISC, LCZC, TVLC, and CPA are all related parties controlled by Batchelor at the time of the 2015 bond issuance.



CPA is Batchelor's private school located at 3090 Independence Drive. The tax certificate defines Independence Oaks, LP as under contract to acquire the project site facilities for the purpose of transferring the property at a later date to TVLC, except that in the same paragraph, Independence Oaks, LP assigns its right to acquire the project site and facilities to Goldstone United Investments, LLC, which is controlled by Batchelor. There is no documentation to stipulate that Goldstone will transfer the property to TVLC.

Goldstone United Investments, LLC paid $2.2 million to 3090, LLC which is part of a $2,474,400 investment from Batchelor-affiliated Chinese investors seeking to support Batchelor's private school catering to foreign exchange students predominantly from China. Of the $2,474,400, credited back to CPA in the Chicago Title closing statement, $2.2 million is Chinese investor funds for the purchase of the land.

The following excerpts from the 2015 bond tax certificate describe the assignment of rights to acquire the project site to Goldstone United Investments, LLC. The excerpt also defines the extension payments and the lease agreement between Batchelor's private school and TVLC.

Section 1.5, Purpose for Bonds; Plan of Financing, states:

> "Independence Oaks, LP has been under contract to acquire the Project Site and Facilities since October 8, 2013, <u>for purposes of transferring the property at some point to TVLC</u>. Over that time, Independence Oaks, LP has invested its own funds and time with a fair market value as of the date hereof of at least $3,022,503.06 to develop the overall project for use as a school … Independence Oaks, LP <u>will assign to Goldstone United Investments, LLC its right to acquire the Project Site and the Facilities</u> from 3090, LLC for $3,022,503.06 … Goldstone United Investments, LLC has already paid to 3090, LLC, through Independence Oaks, LP, a total of $2,200,000 for sale contract

> extensions (including a portion of the aforementioned credit of $1,170,000) … Additionally, CPA has already paid to 3090, LLC, through Independence Oaks, LP, a total of $274,400 for sale contract extensions (all of which is included in the aforementioned credit of $1,170,000) ... See Exhibits F and G for certifications of Independence Oaks, LP and Goldstone United Investments, LLC, respectively, relating to the real estate values and relationships" (emphasis added).

Section 1.5, Purpose for Bonds; Plan of Financing, continues to describe that TVLC will enter into an operating lease as follows:

> "The Borrower will enter into a joint and several lease agreement with TVLC and CPA. The lease will be an operating lease to TVLC."

The Tax Certificate for Goldstone United Investments, LLC is signed William Batchelor, Manager. Under the lease terms, if CPA, Batchelor's private school, should fail to pay rent to the borrower, Independence Support, LLC, TVLC is obligated for the entire lease payment.

In contrast, TVLC, the CMO, could have created a subsidiary LLC to own the property with a leaseback option to the charter school. Instead this methodology provided that Batchelor and his foreign investors create Independence Support, LLC to broker state and federal facility dollars through a complex arrangement that purchased the land and building for a private school and provided a ground lease to the charter school, all paid with taxpayer dollars.

It is clear that TVLC does not own the building or land located at 3090 Independence Drive. The lease of the buildings is not an asset for TVLC.

Without TVLC and its charter schools along with LCZC, Batchelor could not have obtained the 2015 tax-exempt facility bonds to purchase the 3090 Independence Drive project site and facilities.

Based on interviews and confirmed by the Chicago Title Company Estimated Buyer's Statement, Escrow Number CTCC-2383-38319021, the buyer Goldstone United Investments, LLC advanced funds toward the purchase price totaling $1,170,000 and also paid another $1,304,400 to 3090, LLC/Balch as alleged extension payments. The following is based on the Chicago Title escrow documents dated May 8, 2015:

Description	Amount
Applicable Deposit (Advance Payment)	$1,170,000
Non-Applicable Payments	$1,304,400
Total Paid to 3090, LLC/Balch	$2,474,400

FCMAT learned during numerous interviews that Batchelor and his investors were unable to close escrow in earlier attempts to buy 3090 Independence Drive as a private purchase. Extension payments of $1,304,400 were made to keep the purchase agreement viable until Batchelor could secure tax-exempt bonds.

As previously mentioned, the 2014 BANS were to be issued for purchase of 3090 Independence Drive but were not viable as a private taxable bond. Only then did Batchelor turn to using the existing LCZC and TVLC charter schools as the leverage to purchase the project site and facilities through tax-exempt facility bonds. To qualify for tax-exempt bonds, Batchelor needed a nonprofit with a 501(c)(3) status because Independence Support, LLC had not obtained such status. Since LCZC was operational as a 501(c)(3) for the existing after-school program, LCZC became the nonprofit and the sole member of Independence Support, LLC.

The Tax Certificate, Section 2.2, Tax Exempt Status-Sole Member and Schools, states:

> "Each of the Sole Member and TVLC is an organization described in Section 501(c)(3) of the Code and is exempt from federal income tax … Further, each of the Sole Member and TVLC has been recognized by the Internal Revenue Service as an organization described in Section 501(c)(3) of the Code and such recognition has not been modified, limited or revoked … The Sole Member covenants and represents that it has not, and will not … make an election to cause the Sole Member to be treated as other than a disregarded entity for federal tax purposes. As a disregarded entity, all assets, liabilities, revenue, expense and activities of the Borrower shall be treated as assets, liabilities, revenue, expense and activities of the Sole Member for federal tax purposes …"

Making LCZC the sole member of ISC (the borrower) and GUI (the purchaser), Batchelor controls and has influence over LCZC, ISC, and GUI.

FCMAT could not confirm if Independence Support, LLC's application to be recognized as a tax-exempt organization was submitted or approved by the IRS.

The Tax Certificate, Section 2.3, Ownership, states:

> "As noted above, it is anticipated that the sole membership interest in the Borrower will be transferred to ISC such that ISC will become the owner of the Project Facilities for federal income tax purposes."

In summary, ISC is the owner of the project facilities for tax purposes, yet GUI is the purchaser and actual owner of 3090 Independence Drive according to the Chicago Title escrow document.

The TVLC June 30, 2015 audit report consolidates ISC and references the 2015 bond purchase of the 3090 Independence Drive project site and facility as an "asset of IS" (also referred to as ISC) in the consolidated TVLC audit report.

Because management of TVLC may have failed to fully disclose all aspects of the related party relationships to the auditor, the auditor concluded the 2015 bond purchase of the project site and facility at 3090 Independence Drive was an asset of ISC and therefore an asset of TVLC on a consolidated basis. The auditor may not have been aware that Batchelor controlled both the leasing of the assets through ISC and project site and facility ownership through GUI.

Related-Party Transactions

Diversion of Public Funds and Gift of Public Funds

Article XVI, Section 6 of the California Constitution describes gift of public funds as,

> "The Legislature shall have no power to give or to lend, or to authorize the giving or lending, of the credit of the State, or of any county, city and county, city, township or other political corporation or subdivision of the State now existing, or that may be hereafter established, in aid of or to any person, association, or corporation, whether municipal or otherwise, or to pledge the credit thereof, in any manner whatever, for the payment of the liabilities of any individual, association, municipal or other corporation whatever; nor shall it have power to make any gift or authorize the making of any gift,

> of any public money or thing of value to any individual, municipal or other corporation whatever …"

This prohibits the giving or lending of public funds to any person or entity, public or private, including aid, making of gift, pledging of credit, payment of liabilities, and the giving of monetary funds and anything of value to individuals and even companies or other nonprofit organizations.

<u>Diverting TVLC Public Funds to Independence Support, LLC</u>

To successfully divert assets, the auditor, oversight agency, and any others need to be misled by limiting or qualifying information given to them. If the auditor is not informed by TVLC management about all related party relationships or is led to believe the relationships are nonexistent, then proper disclosure in the audited financial statements may not occur. The district relied on the audited financial statements of TVLC and was initially unaware that related-party relationships existed.

Audit management representation letters are statements and assertions that management, typically the executive director, write and sign on the entity's letterhead addressed to the auditor. In addition, part of the standard annual audit process involves direct questions of management regarding related parties and internal controls. It is the responsibility of management to disclose pertinent information to the auditor regarding the true nature of related parties. Based on the limited disclosure in the TVLC audit report, management failed in its fiduciary duty to disclose and misrepresented important and relevant facts to the independent auditors that resulted in the misstatement of the organization's financial statements.

The June 30, 2015 TVLC audit report discloses the MOU with CPA and TVLC regarding shared rents where Independence Support, LLC is named the lessor, and the tenants are CPA and TVLC. However, these entities are related parties and therefore the relationships between them should have been fully disclosed to the auditor.

Both the CEO, Bill Batchelor, and director of finance, John Zukoski, Jr., for TVLC at the time had a fiduciary duty to fully disclose to the auditor that these entities were related. FCMAT requested clarification from Batchelor about the 2014-15 audit disclosure he signed. Batchelor responded in an email to FCMAT:

> "I had extensive conversations with the auditors regarding the my (sic) role and disclosures. I did not believe that their audit correctly presented the 2015 bond transaction, which led to an even more thorough discussion of my role and disclosures. This dialogue occurred as they were preparing the audit, which was very late, in February and March of 2016."

The purpose of management representation letters is to disclose potential issues in writing to the auditor. Batchelor, as CEO during this audit period, and the director of finance, John Zukoski, Jr. each had a fiduciary and ethical duty to fully disclose all related parties including Batchelor's supervision, control, and influence over GUI, ISC, LCZC, SFBAPA, and SVABA.

Included in the auditor work papers are off-book transactions totaling $2,128,202 to ISC, and $600,000 to CPA that were subsequently booked as receivable payments by auditors in TVLC's books. The combined $2,728,202 represents public school funds diverted to ISC and CPA during a five-year period between 2010-11 and 2014-15, which was never disclosed and remained unpaid until after the discovery and subsequent demand letters from current TVLC management.

Details of the auditor work papers show that TVLC paid $2,128,201.85 on behalf of ISC for operating expenditures, supplies, and corporate project support of which LVCS paid $1,474,326.91 and LVCP paid $653,874.94. Corporate project support consisting of $1,473,254.06 represents wages and benefits. (Miscellaneous supplies makes up the difference of $1,072.85.)

These payments reduced the cash flow and diverted resources from the charter schools to ISC and CPA without any agreements and repayment terms. These off-book transactions were diverted from TVLC and represent a gift of public funds.

Once the auditor found these transactions, the audit firm prepared adjusting journal entries for the receivable and prepared a revised management representation letter dated February 23, 2016, for the year end June 30, 2015, signed by Batchelor approximately eight months after his resignation, and by Zukoski.

The management representation letter contains related party declarations from TVLC management to the auditor following the discovery of the off-book transactions as follows:

- "We confirm, the best of our knowledge and belief, as of February 23, 2016, the following representations made to you during your audit."
- "Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with U.S. GAAP."
- "We have disclosed to you the identity of the Organization's related parties and all the related-party relationships and transactions of which we are aware."
- "We acknowledge that we did not maintain sufficient internal controls that exposed us to the significant risk of material misstatement to the consolidated financial statements and fraud…"
- "We acknowledge that we did not properly maintain the records in relation to the Common Core Implementation Funds…"
- "We acknowledge the requirement to include the financial activity, assets, and liabilities of Independence Support, LLC in the consolidated financial statements due to the relationship, financial support and lease agreement in which we are jointly and severally liable for the entire payment. We confirm that we provided substantial financial support to Independence Support, LLC and can substantiate the receivable included in the consolidated financial statement in the amount of $2,128,202."
- "We acknowledge that we provided substantial financial support to California Preparatory Academy and that we have been repaid with the exception of $600,000, which is recorded as a receivable in the consolidated financial statements."

FCMAT obtained a letter from TVLC to CPA, dated June 30, 2015, which states:

> "As discussed and documented, Tri-Valley Learning Corporation has incurred $600,000 of reimbursable expenditures related to the 3090 Independence Drive project. We would greatly appreciate your expeditious processing of the reimbursement for these expenditures."

FCMAT obtained a letter from TVLC, dated May 8, 2015, to Independence Support, LLC, which states:

> "As discussed and documented, Tri-Valley Learning Corporation has incurred $2,128,201.85 of reimbursable expenditures related to the 3090 Independence Drive

project. We would greatly appreciate your expeditious processing of the reimbursement for these expenditures."

Repayments occurred between July 6, 2015 and September 29, 2015 only after TVLC wrote demand letters for the return of the funds characterized as "reimbursable expenditures."

Internal controls were so weak that Batchelor was able to divert $2.7 million of public charter school funds without any support documentation between entities that he controlled and people that he managed covering a span of five years.

TVLC's charter school funds are considered public funds under a separate tax identification number and nontaxable status. These funds cannot be used to pay expenditures for a separate nonprofit corporation; this is prohibited by Article XVI, Section 6 of the California Constitution as a gift of public funds.

An example of the commingled and related nature Batchelor holds is in the ISC, TVLC, and CPA lease agreement. On May 1, 2015, ISC, TVLC, and CPA entered into a lease agreement. The lease agreement is signed as follows:

- John Zukoski, Jr., director of ISC,
- William Batchelor, chief executive officer of TVLC, and
- William Batchelor, manager of CPA.

John Zukoski, Jr., the TVLC director of finance, reported directly to Batchelor. All three entities share the same address listed in the lease agreement (section 20.2) as 3090 Independence Drive, Livermore, CA 94551. All three entities are controlled by Batchelor, and Batchelor is Zukoski's direct supervisor.

TVLC Commingles Funds with LCZC

FCMAT was unable to obtain detailed accounting records from LCZC; however, bank statements and transactions for LCZC were available to FCMAT. Cash transactions include transfers of funds between TVLC charter schools and LCZC that provide a picture of TVLC's financial troubles and serious cash flow issues.

Dragon Zone is the before- and after-school child care program that supports LVCS elementary school students and is operated by LCZC. Prior to the 2015 bonds, Dragon Zone was the only activity of LCZC and parent payments were the only source of revenue to LCZC until LCZC became the sole member of ISC.

The table below summarizes the funds flowing between LCZC and TVLC following the issuance of the 2015 bonds in fiscal year 2015-16.

2015-2016 TVLC	Funds To LCZC Debits Acct. No. 9230	No Trans.	Funds From LCZC Credits Acct. No. 9230	No Trans.
010 CMO	$ 20,000	2	$ 3,000	1
020 LVCP High	220,000	4	41,000	3
030 Acacia Elem	183,000	4	38,000	4
040 Acacia Mid	10,000	1	2,000	1
050 LVCS Elem	1,111,836	25	2,330,000	13
	$ 1,544,836	**36**	**$ 2,414,000**	**22**

Thirty-six transactions totaling $1,544,836 represent funds flowing through several TVLC accounts to LCZC without support documentation. These transactions may be considered diverted public funds and may be a gift of public funds because the payments and purpose failed to be authorized by the governing board and documented in detail.

Funds transferred to TVLC from LCZC totaling $2,414,000 should have adequate support documentation; however, a public school may receive money from many sources generally considered donations.

FCMAT discussed these transactions with Batchelor. He described the net difference of $869,164 ($2,414,000 - $1,544,836) as "Reimbursement for 3090 related expenses processed and drawn through IS … Donations/support into LCZC from afterschool program and fundraising."

Batchelor's statement discloses that these transfers represent 3090 Independence Drive related expenses commingled through TVLC charter school accounts.

Diverting TVLC Public Funds to Independence Support, LLC - $40,000

Premiere Retail Services, Inc. was a tenant of ISC in the 3090 Independence Drive facility. On November 12, 2015, ISC and Premiere Retail Services, Inc. entered into a lease termination agreement. The terms of the agreement are that ISC agrees to pay Premiere Retail Services, Inc. $212,200 to return the space to ISC in accordance with the payment schedule. The payment schedule included $100,000 upon signing the agreement, $72,200 upon vacating the premises and $40,000 as a secured promissory note.

In its review of TVLC's accounting and banking records, FCMAT identified the following transactions:

- Wire transfer number 201616200081, dated June 10, 2016, paid from LVCP directly to Premiere Retail Services, Inc., for $40,000. ISC did not make the $40,000 payment to TVLC.
- $40,000 paid out of LVCP's cash account number 9120-020, Cash in Bank(s), referencing "Wire Transfer – Premier Retail" and part of batch entry 864-1.
- The same $40,000 recorded in LVCS account number 9200-050, Accounts Receivables, dated June 10, 2016, batch entry 864-1, with a reference memo stating, "Payment in behalf of Independent Support – Wire Transfer – P".

This indicates that ISC used TVLC public school money to pay for an lease termination fee that should have been the responsibility of ISC; used TVLC funds to pay the $40,000 directly to Premiere Retail Services, Inc. with no documentation to support what ISC did with the these funds; paid the funds from the charter high school bank account recording the funds as a receivable to the charter elementary school, and did all of this without any available authorizing documentation.

TVLC Funds Diverted into LCZC as a Conduit Entity to Other Related and Unrelated Parties

LCZC bank statements identify further commingling of funds beyond the funds transferred between LCZC and TVLC. Funds diverted to LCZC from TVLC may have been used as a conduit from TVLC through LCZC to support other related and unrelated parties.

The table below shows wire transfers in and out of the LCZC bank account to CPA, ISC, and SFBAPA. All of these entities are under the control of Batchelor.

Other wire transfers paid out from LCZC are to Blueline Associates Inc. a vendor who was owed money for construction related to 3090 Independence Drive, and four payments for bond/lease payments totaling $747,345.36.

Date	Amount	Description	Bank Code	Category
8/25/15	(186,836.34)	NCR OUTGOING DOMESTIC WIRE-201523700066;BNF U.S. Bank Trust N.A.;REF 9479389	General debit	Bond/Lease Pmt
9/25/15	(186,836.34)	NCR OUTGOING DOMESTIC WIRE-201526800492;BNF U.S. Bank Trust N.A.;REF 9487496	General debit	Bond/Lease Pmt
11/18/15	(186,836.34)	NCR OUTGOING DOMESTIC WIRE-201532200452;BNF U.S. BANK TRUST N.A.;REF 9504725	General debit	Bond/Lease Pmt
11/25/15	(315,000.00)	NCR OUTGOING DOMESTIC WIRE-201532900092;BNF Blueline Associates Inc.;REF 950655	General debit	Blueline
11/25/15	(186,836.34)	NCR OUTGOING DOMESTIC WIRE-201532900093;BNF U.S. BANK TRUST N.A.;REF 9506562	General debit	Bond/Lease Pmt
12/7/15	(200,000.00)	NCR OUTGOING DOMESTIC WIRE-201534100244;BNF Blueline Associates Inc.;REF 951017	General debit	Blueline
12/11/15	(125,000.00)	NCR OUTGOING DOMESTIC WIRE-201534500302;BNF Blueline Associates Inc.;REF 951150	General debit	Blueline
2/8/16	(100,000.00)	NCR OUTGOING DOMESTIC WIRE-201603900413;BNF BLUELINE ASSOCIATES INC;OBI partial	General debit	Blueline
3/4/16	(175,000.00)	NCR OUTGOING DOMESTIC WIRE-201606400085;BNF CA PREPARATORY ACADEMIES;REF 9536095	General debit	CPA
5/18/16	(190,000.00)	NCR OUTGOING DOMESTIC WIRE-201613900537;BNF CA Preparatory Acadamies;OBI Attn: L	General debit	CPA
7/8/15	450,000.00	WIRE/IN-201518900388;ORG INDEPENDENCE SUPPORT LLC 3252 CONST;OBI CSCDA INDEP 201	INCOMING WIRE	IS
7/22/15	186,836.34	WIRE/IN-201520300226;ORG S.F. BAY AREA PREPARATORY ACADEMY;OBI FUNDS	INCOMING WIRE	SFBAPA
8/14/15	450,000.00	WIRE/IN-201522600319;ORG INDEPENDENCE SUPPORT LLC 3252 CONST;OBI CSCDA INDEP 201	INCOMING WIRE	IS
8/28/15	450,000.00	WIRE/IN-201524000349;ORG INDEPENDENCE SUPPORT LLC 3252 CONST;OBI CSCDA INDEP 201	INCOMING WIRE	IS
8/28/15	150,000.00	WIRE/IN-201524000598;ORG WILLIAM BATCHELOR;REF 0000209240903439	INCOMING WIRE	William Batchelor
9/15/15	250,000.00	WIRE/IN-201525800120;ORG INDEPENDENCE SUPPORT LLC 3252 CONST;OBI CSCDA INDEP 201	INCOMING WIRE	IS
9/25/15	182,000.00	WIRE/IN-201526800485;ORG CA PREPARATORY ACADEMIES;REF 0065901268947551	INCOMING WIRE	CPA
9/29/15	250,000.00	WIRE/IN-201527200337;ORG INDEPENDENCE SUPPORT LLC 3252 CONST;OBI CSCDA INDEP 201	INCOMING WIRE	IS
11/17/15	170,000.00	WIRE/IN-201532100664;ORG CA PREPARATORY ACADEMIES;REF 0065901321277075	INCOMING WIRE	CPA
11/24/15	500,000.00	WIRE/IN-201532800685;ORG CA PREPARATORY ACADEMIES;REF 0065901328928036	INCOMING WIRE	CPA
12/23/15	2,193.59	WIRE/IN-201535700237;ORG INDEPENDENCE SUPPORT LLC 3252 CONST;OBI CSCDA INDEP 201	INCOMING WIRE	IS

Wire transfers in and out of LCZC described above are summarized below.

2015-2016 Description	Incoming Wires	Outgoing Wires
CPA	$ 852,000.00	$ (515,000.00)
IS	1,852,193.59	
SFBAPA	186,836.34	
William Batchelor	150,000.00	
Blueline	-	(740,000.00)
Bond/Lease		(747,345.36)
Totals	$ 3,041,029.93	$ (2,002,345.36)

Batchelor and Zukoski, using accounts of LCZC, CPA, SFBAPA, and ISC, may have been using off-book clearing accounts to move money in and out of the TVLC organization beyond the reach of Livermore Valley Joint Unified School District's oversight.

FCMAT discussed these payments with Batchelor. He described the $747,345.36 in bond/lease payments as three of the four payments for "the Independence Support monthly bond payments (see the first three highlighted in yellow below). LCZC was the sole account for this purpose. Both tenants now process payments directly to the trustee." The fourth payment is "a full monthly payment made by CPA/SFBAPA."

Batchelor provided the following descriptions and clarifications of the payments based on FCMAT's request and added two additional transactions at the bottom of the table for monies that were allegedly returned for payroll advances by CPA:

Date	Amount	Bill Batchelor's Description	Category
8/25/15	(186,836.34)	These Payments are for the Independence Support Monthly Bond Payments.	Bond/Lease Pmt
9/25/15	(186,836.34)	These Payments are for the Independence Support Monthly Bond Payments.	Bond/Lease Pmt
11/18/15	(186,836.34)	These Payments are for the Independence Support Monthly Bond Payments.	Bond/Lease Pmt
11/25/15	(315,000.00)	Construction payment from IS bond draw	Blueline
11/25/15	(186,836.34)	This is a full monthly bond payment made by CPA/SFBPA	Bond/Lease Pmt
12/7/15	(200,000.00)	Construction payment from IS bond draw	Blueline
12/11/15	(125,000.00)	Construction payment from IS bond draw	Blueline
2/8/16	(100,000.00)	Construction payment from IS bond draw	Blueline
3/4/16	(175,000.00)	Partial return of 9/25/2015 payroll loan ($182,000 - see below)	CPA
5/18/16	(190,000.00)	Return of 4/28/2016 payroll loan of $190,000 - see incoming below.	CPA
7/20/16	(150,000.00)	Partial return of 6/29/2015 payroll loan ($167,000 - see below)	CPA
7/8/15	450,000.00	Trustee draw for reimbursement/payment processing	IS
7/22/15	186,836.34	This is a full monthly bond payment made by CPA/SFBPA	SFBAPA
8/14/15	450,000.00	Trustee draw for reimbursement/payment processing	IS
8/28/15	450,000.00	Trustee draw for reimbursement/payment processing	IS
8/28/15	150,000.00	donation	William Batchelor
9/15/15	250,000.00	Trustee draw for reimbursement/payment processing	IS
9/25/15	182,000.00	This was a payroll loan from CPA	CPA
9/29/15	250,000.00	Trustee draw for reimbursement/payment processing	IS
11/17/15	170,000.00	These payments are for the Independence Support Monthly Bond Payments.	CPA
11/24/15	500,000.00	This was a donation tagged to cover all TVLC international department expenses	CPA
12/23/15	2,193.59	Trustee draw for reimbursement/payment processing	IS

Additional Transactions Added By Bill Batchelor

From CPA

4/28/16	$190,000.00	WT FED#09810 HERITAGE BANK OF C /FTR/BNF=Tri Valley Learning Corporation SRF# 005566711§	returned 5/18/2016
6/29/16	$167,000.00	WITHDRAWAL MADE IN A BRANCH/STORE CASHIERS CHECK TO TVLC FOR PAYROLL	partially returned 7/20/2016

Batchelor explained to FCMAT that from his perspective, TVLC received more money from CPA than it paid out and that he donated his own money to TVLC and the other entities. Batchelor stated that the August 28, 2015, $150,000 incoming wire was his personal donation.

Batchelor described these amounts as representing transfers of funds back and forth for payroll loans and repayments: March 4, 2016, $175,000; May 18, 2016, $190,000; July 20, 2016, $150,000 and September 25, 2015, $182,000. The November 24, 2015, $500,000 wire into LCZC is described as "a donation tagged to cover all TVLC international department expenses."

In practice, TVLC, CPA, ISC, and SFBAPA are essentially one organization sharing revenue and expenses as needed.

LCZC's American Express Credit Card Payments

FCMAT found payments to an unknown American Express account in the LCZC bank statements totaling $26,036.84. The eight electronic payments are shown below.

Date	Amount	Description	Bank Code
8/21/15	$ (3,653.41)	AMEX EPayment ACH PMT V9854	ACH DEBIT
10/21/15	(4,257.96)	AMEX EPayment ACH PMT V1904	ACH DEBIT
10/6/15	(3,258.80)	AMEX EPayment ACH PMT V1960	ACH DEBIT
12/2/15	(2,383.45)	AMEX EPayment ACH PMT V3250	ACH DEBIT
12/23/15	(3,481.88)	AMEX EPayment ACH PMT V0792	ACH DEBIT
1/27/16	(3,801.21)	AMEX EPayment ACH PMT V2778	ACH DEBIT
2/24/16	(2,563.32)	AMEX EPayment ACH PMT V3758	ACH DEBIT
3/25/16	(2,636.81)	AMEX EPayment ACH PMT V9796	ACH DEBIT
Total	**$ (26,036.84)**		

FCMAT discussed these credit card transactions with Batchelor, who stated that "This credit card is used exclusively for expenses related to the bingo and/or aftercare program that LCZC operates/heads … I have never seen the invoices nor had access to the card."

Foreign Exchange Program

Attendance

FCMAT examined foreign exchange program attendance report data by student name, parents' names, and state student number. A total of 115 foreign students were identified in the attendance records. The attendance software has excluded all 115 foreign students from state attendance apportionment funding.

FCMAT reviewed records for 20 individual foreign students to determine if they were placed with host families by tracing student names on check stubs paid to host families. All 20 students were confirmed to be with host families and were excluded in the attendance software from state attendance apportionment funding.

Based on the results of sample attendance testing, FCMAT concludes there is sufficient documentation to support that TVLC did not receive state attendance apportionment funding for foreign exchange students included in its attendance reports.

Program Subsidized by TVLC; Noncompliance with Federal Law

TVLC's 2015-16 accounting records document that host families received $558,071.24 in payments to house foreign exchange students. IRS Form 1099s issued to host families were not available and/or not filed with the IRS, thus failing to comply with federal requirements to report independent contractor payments.

FCMAT obtained a vendor report from TVLC's accounting system and found that Batchelor was also a vendor receiving host family payments, as shown on the following page.

Tri Valley Learning Corporation | Vendor History Detail Report | 5/25/17 4:09 PM

Vendor: Bill Batchelor; Begin Date: 7/1/2010; End Date: 1/10/2017

Object Type	Object Number	Change Number						
Invoice	011015							
Line Number	**Quantity**	**Units**	**Item Description**	**Account Code**	**1099**	**Tax Ra**	**Unit Price**	**Line Total**
1	1	ea	Check Request- Host Family Payment Jan 2015 Howard	8699-02-0000-0(	No	9.00	$ 500.00	$ 500.00
Object Type	**Object Number**	**Change Number**						
Invoice	020615							
Line Number	**Quantity**	**Units**	**Item Description**	**Account Code**	**1099**	**Tax Ra**	**Unit Price**	**Line Total**
1	1	ea	Check Request:Host Family Payment Feb 2015 Howard	8699-02-0000-0(	No	9.00	$ 1,000.00	$ 1,000.00
Object Type	**Object Number**	**Change Number**						
Invoice	022615							
Line Number	**Quantity**	**Units**	**Item Description**	**Account Code**	**1099**	**Tax Ra**	**Unit Price**	**Line Total**
1	1	ea	Check Request- Host Family Payment March 2015 Howard	8699-02-0000-0(	No	9.00	$ 1,000.00	$ 1,000.00
Object Type	**Object Number**	**Change Number**						
Invoice	032615							
Line Number	**Quantity**	**Units**	**Item Description**	**Account Code**	**1099**	**Tax Ra**	**Unit Price**	**Line Total**
1	1	ea	Check Request- Host Family Payment Apr 15 Howard	8699-02-0000-0(	No	9.00	$ 1,000.00	$ 1,000.00
Object Type	**Object Number**	**Change Number**						
Invoice	042815							
Line Number	**Quantity**	**Units**	**Item Description**	**Account Code**	**1099**	**Tax Ra**	**Unit Price**	**Line Total**
1	1	ea	Check Request- Host Family Pymt May 15 Howard	8699-02-0000-0(	No	9.00	$ 1,000.00	$ 1,000.00
Object Type	**Object Number**	**Change Number**						
Invoice	060515							
Line Number	**Quantity**	**Units**	**Item Description**	**Account Code**	**1099**	**Tax Ra**	**Unit Price**	**Line Total**
1	1	ea	Check Request- Host Family Pymt June 15 Howard	8699-02-0000-0(	No	9.00	$ 1,000.00	$ 1,000.00
Object Type	**Object Number**	**Change Number**						

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In total, according to TVLC's accounting records, Batchelor received $6,500 in host family payments between December 2014 and June 2015. The 1099 field in the report is set to "No" in the vendor report. If the CEO of TVLC received host family payments that were not properly disclosed on federal Form 1099, this is a significant internal control deficiency. The governing board and CEO of TVLC set the tone for the organization. TVLC's current management told FCMAT that host families were never issued 1099s.

FCMAT discussed the host family 1099 issue with Bill Batchelor, who stated:

> "All host families were treated as non-employee volunteers of the nonprofit, as such John Zukoski determined that form 1099msc should not be distributed pursuant to IRS instructions on expense reimbursements. I have attached the current years instructions with the relevant sections highlighted."(sic)

Batchelor cites page 8 of the IRS 2017 Instructions for federal Form 1099-MISC, Payments Not Reported in Box 7, stating that IRS lists "Expense reimbursements paid to volunteers of nonprofit organizations ..." as non-reportable payments.

FCMAT considers host family payments as reportable 1099 income. Reimbursement payments would be based on receipts for expenditures paid on behalf of the students. A sample of payments to host families FCMAT examined show consistent monthly payments of $1,200 per student as described further below. TVLC was unable to provide FCMAT documentation to support host family expense reimbursement claims specific to the monthly housing payment.

Further inquiries by FCMAT revealed that no financial reports or analysis exist to support the foreign student program accounting. In fact, TVLC management explained the foreign exchange program was discontinued because the program was not making money and was most likely costing the charter school money. Management also claimed that this program was developed by Batchelor to send students to Batchelor's private school and caused great difficulty for TVLC with continued notices of concern and/or violation by the oversight agencies and a complaint from the Western Association of Schools and Colleges (WASC).

The WASC website, http://www.acswasc.org states that "… WASC accreditation is an ongoing six-year cycle of quality whereby schools demonstrate the capacity, commitment, and competence to support high-quality student learning and ongoing school improvement."

The district issued a notice of violation to TVLC dated March 22, 2017 based on written declarations of LVCP teachers. Page 6 of the notice of violation at section D states:

> "During the 2013-2014 school year, LVCP taught international students who were enrolled in the San Francisco Bay Preparatory Academy (SFBAPA), a private school for international students. (Exhibit H, and all facts stated therein; Exhibit E, para. 6.) LVCP also had 8-10 international students from China attend a history class for approximately 3 weeks even though they were not on the class rolls."

The Exhibit H declaration of a teacher states:

> "During the 2013-2014 school year, international students who were not enrolled in the school attended LVCP classes, and were also pulled out and taught in separate classes by an SFBAPA teacher…During the 2015-2016 school year, LVCP, Principal … informed me that a substantial number of students from Nanjing, China would be coming to LVCP to join my class and other classes for approximately a three-week period. During this period, I had 8-10 extra students in my AP World History class who were not on the class rolls. It was disruptive to have these extra students join the class for an extended period of time during the term."

The Exhibit E declaration of a teacher states:

> "While I worked at TVLC, the San Francisco Bay Preparatory Academy (SFBAPA), a private school, operated on the TVLC campus and served international students. Initially the teachers of SFBAPA held separate staff meetings and did not participate in LVCP staff meetings or trainings. Over time, however, the SFBAPA teachers were gradually absorbed into LVCP's organizational structure and participated in LVCP staff meetings and trainings. Often, exchange students from abroad, whom I understood to be enrolled in SFBAPA, were placed in our classes for us to teach for portions of the year."

FCMAT's review of TVLC's records did not support cost sharing arrangements between SFBAPA and LVCP for teacher salaries and benefits, LVCP training, or overhead to ensure that LVCP charter school only paid for school related expenditures. FCMAT was provided student fee income and host family payment information. Commingling foreign exchange students from the SFBAPA private school into the LVCP public school and using public school resources is a gift of public funds.

Shifting SFBAPA-enrolled private students into the LVCP public school enriched the private school to the detriment of the public school because the teachers were paid by LVCP, a cost the private school did not incur. Furthermore, because private foreign exchange students were allegedly placed into LVCP classes without enrollment documentation, and detailed accounting records are not maintained or available, the true cost of the exchange program at LVCP may be higher.

Those interviewed by FCMAT described that foreign student families paid $30,000, of which $3,000 was paid to an agent as a commission, $10,000 was for student education, $12,000 was for student housing with host families, and $5,000 stayed with TVLC. FCMAT's review of check copies paid to host families found that host families were receiving $1,200 per month per foreign student. Of the host family payments sampled, a few host families were paid for hosting even two or three foreign students. This means that if a host family housed two foreign students, the host family received a monthly check of $2,400 ($1,200 per student per month). For example, if a student stayed 10 months, $1,200 over 10 months is $12,000 to the host family. Another host family hosted three students and received a check for one month of $3,600. If they hosted all three students for 10 months they would earn $36,000.

FCMAT was not presented with and could not locate documents or analysis to support $5,000 per foreign student subsidizing TVLC.

The district's notice of violation to TVLC dated February 3, 2016, page 2, "Operation of Private School at LVCP," states:

> "During the 2015-2016 school year, the District learned that TVLC/LVCP was operating a foreign exchange program that offered enrollment in LVCP to students from China … TVLC/LVCP's promotional material showed the Charter School was charging the following to families participating in the program:
>
> a. Tuition: $15,300/year
>
> b. Room and Board: $16,000/year
>
> c. Health Insurance: $884/year"

The total of the tuition, room and board, and health insurance is $32,184. Page 4 of the February 3, 2016 notice of violation states TVLC has referenced the cost of foreign exchange student charges ranging from $31,500 to $33,000 in other documents. Because TVLC produces conflicting foreign exchange charges of $30,000, $31,500, $32,184, and $33,000, and because little financial documentation is available supporting these costs and foreign exchange students may be placed in LVCP classroom as unenrolled students, it is unlikely TVLC or LVCP knows the true program cost.

FCMAT analyzed the LVCP foreign exchange program based on the information available at TVLC. FCMAT used a conservative approach to analyze and project program costs. This approach is least likely to overstate the true cost of the foreign exchange program. Using this approach, FCMAT found that TVLC's foreign student program was not profitable and could not subsidize TVLC.

To analyze the program revenue, costs, and overhead, FCMAT examined TVLC financial data specific to LVCP high school. The analysis presented in the table below results in the LVCP foreign exchange student program conservatively losing $34,608 during the 2015-16 school year.

2015-2016 LVCP Foreign Exchange Student Program	Amount
Hosted Student Fee Income	$ 1,064,599
Program Costs:	
Host family payments	558,071
Program placement commissions	106,459
Teachers salaries and benefits	300,000
Foreign travel	29,994
Allocated overhead	104,683
Total program costs	1,099,207
Foreign exchange student program loss	**$ (34,608)**

The foreign exchange student program analysis was as follows:

- Hosted student fee income of $1,064,599 and host family payments of $558,071 were available in the TVLC accounting records.
- FCMAT was told that if a student paid $30,000 to participate in the program, the commission to the agent was $3,000, which is 10% of the $30,000 student payment. Ten percent of $1,064,599 in hosted student fee income is $106,459.
- Teachers' salaries are determined from the 115 students the attendance records listed as enrolled in the foreign exchange program. Whether an exchange student was enrolled all school year or partially during the year, and in a class full of exchange students or in a mixed classroom, TVLC management indicated the student-to-teacher ratio for a full class may be 23-to-1. Management stated one teacher was dedicated to the exchange program and the other students were absorbed among all other classes.
- To calculate equivalent teachers, FCMAT assumed 115 students divided by 23 students per class, representing five full time equivalent teachers. Full time equivalent teachers mean if all 115 students were not spread out among many teachers with a few students in each class, five full time teachers would be needed to teach all 115 students. Using a lower threshold FCMAT reduced the number of teachers and teacher costs to four full time equivalent teachers, or 29 students per class for the 115 exchange students. TVLC agreed that an average of teacher salary and benefits is approximately $75,000 per year; therefore, four teachers at $75,000 per year is $300,000 allocated for salaries and benefits.
- Foreign travel of $29,994 is based on First National Bank Visa credit card transactions.
- Overhead of $104,683 was determined by summarizing many LVCP costs attributed to education and operations such as books and supplies, back office service provider costs, legal, rent, consulting, and other expenditures. Since total education and operations costs for LVCP were $1,395,776, FCMAT reduced this by 50% to $697,888 to be conservative. A percentage of the discounted overhead of $697,888 was reduced by the percentage of students in the program compared with the total student population.
- The LVCP attendance records identify 115 exchange students out of a total population of 630 students, which is 18.25% exchange students. This was further reduced to 15% to be conservative. Applying 15% to the reduced overhead amount of $697,888 results in

$104,683 of LVCP overhead attributed to the foreign exchange program, or $910.28 per exchange student for overhead costs.

After reducing the number of teachers and overhead attributable to the foreign exchange program, the program lost $34,608. If the number of full time equivalent teachers and overhead costs is not discounted, the financial loss of the program increases. And, as described above, if foreign exchange students were placed in LVCP teachers' classes unenrolled and without reimbursement from SFBAPA, the number of exchange students would be greater than 115; therefore, the costs and losses to LVCP would increase further.

FCMAT's conservative analysis and LVCP teacher statements of additional undocumented exchange students attending LVCP classes upholds TVLC's current management's explanation that the foreign exchange program did not subsidize TVLC. FCMAT's determination that the foreign exchange program lost money indicates that LVCP charter school subsidized the exchange program, which is a gift of public funds.

Significant Deficiencies in Internal Controls

Proper internal controls are the foundation of safeguarding of assets and producing financial transactions and reports that fully disclose the financial activities of an organization and present fairly the organization's financial position. In addition to attendance, FCMAT examined and sampled TVLC transactions including wire transfers, inter-charter transfers, credit card and other expenditures.

<u>Deficient Internal Controls - Overall State of Books and Records</u>

When FCMAT arrived to begin fieldwork on site at TVLC, only three employees remained that managed the TVLC organization overseeing personnel, accounting and all other supervisory functions. All three had limited knowledge of the accounting records. A search throughout TVLC buildings and storage areas produced limited accounting records. TVLC management and staff indicated they did not know where accounting records were located, or what records may be missing. One possibility was that some records may have been lost during a relocation or remained behind inadvertently.

Eventually, FCMAT learned that some records are in the possession of New Jerusalem School District with the superintendent, who refused to return the records to TVLC management following a request and pending the FCMAT audit. Records for the 2015-16 school year had been shipped to the prior back office service provider in Temecula. FCMAT made arrangements with the prior back office service provider to take custody of 17 boxes of records and transported those records to TVLC's current back office service provider in Los Angeles.

FCMAT reviewed TVLC's 2015-16 accounting records at the Los Angeles service provider's place of business. Noticeably missing were documentation for credit card transactions and bank wire transactions. Numerous receipts were found scattered within the boxes or in unlabeled envelopes without support documentation. Many credit card statements were in the original unopened envelopes.

TVLC has a Financial Policy and Procedure Manual with policies and procedures for managing accounting records and proper authorization. FCMAT observed that other than employee expense reimbursements, most transactions lacked proper authorization, including wire transfer payments and First National Bank Visa credit card transactions for the expenditures listed in the credit card statements.

The TVLC independent auditors report for the fiscal year ending June 30, 2015 disclosed the following:

Finding 2015-01,

> "The Organization did not prepare the reconciliation of the following accounts on a timely basis: cash, accounts receivables, prepaid expenses, deposits, fixed assets and accrued liabilities. Based on the timeline of events, it does not appear that sufficient internal controls were in place in order to detect errors and deter fraud … The Organization was exposed to significant risk of material misstatement of the financial statements and fraud because sufficient internal controls were not in place … Reconciliations were not prepared timely. There was a change in the personnel resulting in delayed reconciliations and lost accounting records."

FCMAT's examination of the condition of accounting records for 2015-16 and 2016-17 finds that TVLC continues to have significant and material deficiencies in internal controls and may be exposed to significant risk of fraud and material misstatement of the financial statements.

Evidence of the continued disarray of the accounting records is a sample of emails between June 14-16, 2016 from the former back office service provider and TVLC staff identifying concerns over TVLC credit card reconciliations, payments and Batchelor's use of a TVLC credit card.

> <u>Back office provider: June 14, 2016, 3:31 PM:</u> "I am having problems reconciling the payments debited from Heritage Bank Accounts against the payments noted in the credit card statements. In the attached worksheet, the ones highlighted (yellow) matched with what is shown in the statements. All others in the bank statement I can't find anywhere in the credit card statements and payments on the credit card statements I can't find in the bank statements ... That is assuming you don't have any other credit cards that I am not aware of."
>
> <u>TVLC responded: June 15, 2016, 4:17 AM:</u> "Most of the card payments were lumped together. Everybody's card was paid for out of the lvcs/TVLC bank account except for Eric. Most of the time entire balances were paid off … In some cases there was only enough money in the bank to make minimum payments."
>
> <u>Back office provider: June 15, 2016, (no time stamp):</u> "Am still not able to reconcile the payments … Attached is a worksheet of all the Bank Debits (Paid to 1st Bankcard) and all the payments recorded in the credit card statements … The total debit from the bank is also greater (by approx. … $69K) than the total credit card payments … Section C-is the variance between what was debited from the bank against the total payments in all the credit card statements … Does anyone have any idea?"
>
> <u>TVLC's response on June 16, 2016, 6:30 AM:</u> "… the account ending in 3130 is for Bill's TVLC only account. Let's include that in the Excel worksheet to see where we land. The other statement is for a different entity and was paid for out of Bill's Wells Fargo account – ie, not TVLC Funds. Baker's statement may not show on the website because his account was closed. However, TVLC may have kept hard copies of the statements."

This email exchange indicates that Batchelor has a personal credit card in the name of TVLC several months following his resignation. Either the credit card ending in 3130 is a TVLC credit card with off-book transactions, or Batchelor has a credit card in TVLC's name holding himself out as a TVLC employee. In either case, off-book transactions or using the name of TVLC for personal purposes is a mischaracterization of expenses, a misuse of TVLC resources, possible embezzlement, and/or a gift of public funds.

Deficient Internal Controls – TVLC Credit Card Transactions

TVLC credit cards were issued to management. FCMAT reviewed credit card statements and found that receipts were not attached to the statements and could not be found. Except for one credit card issued to Batchelor, transactions were small because balances were limited to $2,000.

Batchelor had two First National Bank Visa credit cards under the name Tri-Valley Learning Corporation. The first, ending in 5313, was in the name of Bill Batchelor until November 2015, when the name was changed to John Zukoski. The second TVLC credit card, ending in 4688, was in the name of William Batchelor. Bill and William Batchelor are the same individual.

In September 2015, account 4688's balance was transferred to account 3130. In October 2015, account 3130 was renamed in care of John Zukoski, the director of finance at the time.

Even though the emails above explain credit card account 3130 is "Bill's TVLC only account" and "The other statement is for a different entity and was paid for out of Bill's Wells Fargo account – ie, not TVLC Funds," both the Bill and William Batchelor credit cards are in the name of TVLC, are First National Bank Visa cards, and have TVLC's address of 3252 Constitution Drive, Livermore, CA 94551-7567. It remains unclear if TVLC paid both credit card accounts.

FCMAT relied on available documentation to audit transactions. TVLC, CPA, ISC, GUI, and LCZC are related and controlled by Batchelor. Based on the emails above, Batchelor had in his control a TVLC credit card that may or may not be tied to his personal Wells Fargo bank account. It cannot be determined how much of TVLC's charter school public funding or use of the TVLC name and goodwill may have been commingled among Batchelor's personal interests and control.

Analysis of the available credit card statements in Batchelor's name identified significant foreign travel. FCMAT interviews identified Batchelor was actively involved in developing his own private school foreign exchange student program in China. TVLC's foreign exchange student program is also primarily in China and was developed by Batchelor. The tables below show transactions from Batchelor's TVLC credit cards associated with developing foreign exchange programs in China.

Credit Card 5313

TVLC Bill Batchelor First National Bank Visa Credit Card …5313:

Acct. No.	Trans. Date	Transaction Description	Amount	Category
5313	7/24/15	HN Air	$ 3,959.80	Travel
5313	7/28/15	SQ *Oriente Lux Limo Serv	178.80	Travel
5313	8/5/15	HN Air	295.00	Travel
5313	8/17/15	SQ *Oriente Lux Limo Serv	166.80	Travel
5313	9/6/15	Beijingshichaoyangquoo	393.12	Travel
5313	9/6/15	Cash Advance Fee	19.65	Fee
5313	9/6/15	Fgn Tran Fee Cash	11.79	Fee
5313	9/7/15	Fgn Tran Fee Pur	60.76	Fee
5313	9/7/15	Beijingxiangjiangcaifu	2,025.45	Travel
5313	9/10/15	Shanghai Bi Sheng Ke Youx	42.03	Travel
5313	9/10/15	Fgn Tran Fee Pur	1.26	Fee
5313	9/10/15	Ctrip Sh Huacheng Travel	115.43	Travel
5313	9/10/15	Fgn Tran Fee Pur	3.46	Fee
5313	9/12/15	Jian Guo Bin Guan Shanghai	703.44	Travel
5313	9/12/15	Fgn Tran Fee Pur	21.10	Fee
5313	9/11/15	NO439 N Caoxi Road Shangh	313.67	Travel
5313	9/11/15	Cash Advance Fee	15.68	Fee
5313	9/11/15	Frgn Tran Fee Cash	9.41	Fee
5313	10/29/15	Hainan Glob	3,299.19	Travel
5313	11/7/15	Beijingshichaoyangquoo	393.69	Travel
5313	11/7/15	Cash Advance Fee	19.68	Fee
5313	11/7/15	Frgn Tran Fee Cash	11.81	Fee
5313	11/10/15	Minimum *Finance Charge*	1.75	Fee
5313	11/10/15	Beijingxiangjiangcaifu	1,823.03	Travel
5313	11/10/15	Frgn Tran Fee Pur	54.78	Fee
5313	11/10/15	Dong Fang Hang Kong	330.23	Travel
5313	11/10/15	Frgn Tran Fee Pur	9.90	Fee
5313	11/13/15	Xin Yuan Su Can Yin Gu Shanghai	146.76	Travel
5313	11/13/15	Frgn Tran Fee Pur	4.40	Fee
5313	11/13/15	Xin Yuan Su Can Yin Gu Shanghai	18.84	Travel
5313	11/13/15	Frgn Tran Fee Pur	0.56	Fee
5313	11/14/15	Radisson Hotel Shanghai	904.44	Travel
5313	11/14/15	Frgn Tran Fee Pur	27.13	Fee
5313	11/16/15	Sunrise Duty Free (China)	85.79	Travel
5313	11/16/15	Bj Xj Fortune Htl Ltd. DCC Beijing	583.34	Travel
5313	11/13/15	Nanxi Branch Shanghai	313.92	Travel
5313	11/13/15	Cash Advance Fee	15.69	Fee
5313	11/13/15	Frgn Tran Fee Cash	9.41	Fee
5313	11/19/15	Mayflower Restaurant (Dim Sum) Dublin, CA	6,707.00	Entertainment
5313	12/5/15	Jian Guo Bin Guan Shanghai	263.08	Travel
5313	12/5/15	Frgn Tran Fee Pur	7.89	Fee
5313	12/5/15	NO439 N Caoxi Road Shangh	312.64	Travel
5313	12/5/15	Cash Advance Fee	15.63	Fee
5313	12/5/15	Frgn Tran Fee Cash	9.37	Fee
5313	12/7/15	Guangdongnongkenyanlin	76.21	Travel
5313	12/7/15	Frgn Tran Fee Pur	2.28	Fee
5313	12/9/15	Beijingshichaoyangquoo	389.90	Travel
5313	12/9/15	Cash Advance Fee	19.49	Fee
5313	12/9/15	Frgn Tran Fee Cash	11.69	Fee
5313	12/11/15	Bj Xj Fortune Htl Ltd. DCC Beijing	994.84	Travel
5313	12/13/15	Beverages & More Danville CA	1,111.29	Entertainment
5313	1/7/16	Mayflower Restaurant (Dim Sum) Dublin, CA	701.01	Entertainment
5313		**Total Foreign Related Expenses**	**$ 27,013.31**	

Credit Card 4688

TVLC William Batchelor First National Bank Visa Credit Card …4688:

Acct. No.	Trans. Date	Transaction Description	Amount	Category
4688	7/30/15	Beijingshichaoyangquoo	$ 402.67	Travel
4688	7/30/15	Cash Advance Fee	20.13	Fee
4688	7/30/15	Frgn Tran Fee Cash	12.08	Fee
4688	8/7/15	Grand Millenniuim Hotel Beijing	483.13	Travel
4688	8/7/15	Frgn Tran Fee Pur	14.49	Fee
4688	8/7/15	Grand Millenniuim Hotel Beijing	724.69	Travel
4688	8/7/15	Frgn Tran Fee Pur	21.74	Fee
4688	8/7/15	Grand Millenniuim Hotel Beijing	132.15	Travel
4688	8/7/15	Frgn Tran Fee Pur	3.96	Fee
4688	8/7/15	Grand Millenniuim Hotel Beijing	36.67	Travel
4688	8/7/15	Frgn Tran Fee Pur	1.10	Fee
4688	8/7/15	BJ Xiang Jiang Fortune HT Beijing	1,095.11	Travel
4688	8/7/15	Frgn Tran Fee Pur	32.85	Fee
4688		**Total Foreign Related Expenses**	**$ 2,980.77**	
5313 and 4688		**Total Foreign Related Expenses**	**$ 29,994.08**	

Credit Cards 5313 and 4688 Summarized

Credit Cards 5313 and 4688 Expenses Summarized:	
Fee	$ 470.92
Travel	21,003.86
Entertainment	8,519.30
Total Expenses Summarized	**$ 29,994.08**

FCMAT discussed these credit card transactions with Batchelor. He explained that "While these trips were in fact to benefit LVCP, 100% of these expenses were paid directly by CPA. While both of these accounts had TVLC listed on the names, they were in fact opened with my ss#, using my personal credit." Batchelor provided a spreadsheet of three payments totaling $31,657.97, stating: "Payments processed, pulled directly from CPA account online. Reference pulled directly from the account."

Based on the documentation available, Batchelor may have commingled $29,994.08 of charter school funds between CPA and TVLC to develop the foreign exchange programs, as depicted above.

Cash Transfers

An analysis of the TVLC bank accounts reveals 475 cash transfers among six separate accounts. FCMAT was not provided with transfer authorizations or documentation supporting the reason for the transfers. FCMAT questioned a long-time staff member familiar with the accounting and operations of TVLC and the former director of finance about the purpose behind the cash transfers and was told that money was transferred to the individual schools based on their need for cash on any given day.

2015-2016 Cash Transfers	Debits Cash-In	Credits Cash-Out	No Transfers
9120-010 CMO	$ -	$ -	
9120-020 LVCP High	2,510,413	1,051,302	83
9120-030 Acacia Elem	2,901,591	2,188,407	107
9120-040 Acacia Mid	606,291	450,000	51
9120-050 LVCS Elem	5,586,524	5,158,296	197
9123-010 CMO LOC	169,200	802,515	37
Totals	**$ 11,774,019**	**$ 9,650,520**	**475**

In addition to cash transfers, transactions within intercharter location accounts titled "Due from Other Locations" account 9310, and Intercompany Accounts Payable account 9610, experienced unusually high levels of activity shown in the table below.

2015-2016 Inter-Charter Activity	Net Due From Other Locations Acct. No. 9310	No Trans.	Net Intercompany Accounts Payable Acct. No. 9610	No Trans.
010 CMO	$ -		$ 4,876,941	250
020 LVCP High	2,873,095	43	2,698,929	263
030 Acacia Elem	1,573,191	21	2,656,334	117
040 Acacia Mid	613,259	133	1,178,376	85
050 LVCS Elem	3,742,887	69	5,448,616	225
	$ 8,802,432	**266**	**$ 16,859,196**	**940**

Transferring funds and resources back and forth without authorization and documentation is a sign that the entire organization is in poor financial health and internal controls are significantly deficient. Accounts payable with 940 transactions totaling $16,859,196 is a clear indication that TVLC was approaching financial collapse.

Deficient Internal Controls, Robert A. Daly Living Trust - Loan $600,000

Another example of related parties commingling financial transactions with and through TVLC is the $600,000 Robert A. Daly Living Trust (Daly) loan. FCMAT obtained emails that describe a transfer of $87,150 from SFBAPA to LVCS requesting Batchelor's approval. The email from the director of finance, dated January 2, 2015 at 10:35AM, stated:

> "Hi … -can you please transfer $87,150 from SFBAPA (sic) to Acacia Elementary? Hi Bill-can you please approve?"

TVLC was unable to provide any loan documents associated with the $87,150 transfer; however, TVLC's former back office service provider was familiar with the amount and provided a spreadsheet that isolated the original loan and subsequent payments.

The SFBAPA Facebook pages states, "The San Francisco Bay Preparatory Academy is a private, international high school in the hills of the San Francisco East Bay." Batchelor controls SFBAPA located at 3090 Independence Drive, the same address as LVCP high school.

TVLC's former back office service provider had information that showed $87,150 as part of the $600,000 Daly loan. The analysis of the loan provided by the former back office service provider shows that $600,000 was loaned to AECS on February 28, 2014. According to the loan analysis, the $600,000 was wired from Daly by wire confirmation number 0228B1QGC08C017154.

This loan was not disclosed in TVLC's June 30, 2014 audit report. Payments on the loan dated January 5, 2015 ($87,125) and April 29, 2015 ($60,000) were not disclosed in the June 30, 2015 audit report. Since the TVLC June 30, 2014 and 2015 audit reports contain no loan reference, it is possible the loan was not disclosed to the auditor.

Review of TVLC's 2015-16 accounting records found loan account number 9642-030 had no beginning balance. The 030 is the account location code for AECS. If the loan had been previously recorded in TVLC's accounting records, a balance would have been carried forward for the loan. The $600,000 loan was not reported in TVLC's accounting records in the 2013-14 school year although the loan payments were made. The detail notes in the loan account constructed by TVLC's former back office service provider notes the Daly loan as "Un-booked PY," which means the loan was never recorded in the prior year(s).

The former back office service provider's loan analysis under the heading of "Who Paid" includes the following:

- $87,125 in interest paid by SFBAPA to Acacia Elementary School, and Acacia Elementary School paid Daly.
- $325,000 from SFBAPA to LVCS, $60,000 from LVCS to Acacia Elementary, and $60,000 from Acacia Elementary to Daly.
- $250,000 from LVCS to Acacia Elementary then paid to Daly.

The loan principal and interest payments flowed through SFBAPA and TVLC charter schools, ending August 20, 2015 with the final payment. The final payment to Daly from AECS was $335,367.36, wire number 201523200080, dated August 20, 2015. The total interest paid from February 28, 2014 through August 20, 2015 is reported as $132,492.36.

The total interest paid on the loan as a percentage of the loan equals 22.08% ($132,492.36 / $600,000 = 22.08%); however, interest would have decreased over the 18 months of the loan and should be calculated based on payment dates whereby each payment contains an interest and principal component. FCMAT conservatively calculates the loan interest rate paid by the charter school as 15.03%.

Transferring funds between charter school accounts and other entities represents moving money without proper documentation by Batchelor, with an investment banker background, and the director of finance, with extensive background in finance who should have known with their professional backgrounds and experience proper accounting procedures. FCMAT observed missing accounting and financial records, little or no authorization of transactions moving money throughout all of the TVLC entities and a total disarray of those records. Absent internal controls allowed charter school money to be transferred to other entities, credit cards to be used for international travel and other non-school related expenses, and allowed Batchelor and others free access to cash and assets of the TVLC family of schools.

<u>Deficient Internal Controls, $675,000 Heritage Bank Loan and $800,000 Line of Credit</u>

Internal controls were significantly deficient. Batchelor and Zukoski had complete discretion to move money wherever it was needed. Transfers for purposes other than school related expenditures created cash shortages and the inability for TVLC to fund payroll and retirement benefits timely, or make payments to vendors. Although not part of this report, FCMAT notes that extremely large rents totaling more than $86,000 per month for the Acacia school property in Stockton contributed to the unavailability of TVLC cash. This rent lease was negotiated by

Batchelor and Bianchi Impact 1, LP, formed as a special purpose entity by general partner ACRE Cresta, LLC.

TVLC needed loans and lines of credit to survive. With their line of credit exhausted, Batchelor and Zukoski converted the $675,000 line of credit to a promissory note dated October 1, 2015 with Heritage Bank of Commerce, loan number 8398000103 because TVLC was unable to pay the line of credit when it came due. The interest rate for this four-year loan is 4.75%, in sharp contrast to the Daly loan at 15.03%.

With the line of credit converted to a loan, cash shortages continued, causing Zukoski to enter into a second line of credit with Heritage Bank for $800,000, loan number 8398000102, dated October 1, 2015. The line of credit matured one year later on September 30, 2016, but by that time Batchelor and Zukoski had resigned and new management was unaware of the second line of credit.

This financial pressure, including insufficient cash and the loss of enrollment attributable to district and community upheaval around the bonds and the private school, significantly contributed to TVLC in Chapter 11 bankruptcy in early November 2016.

Ethical Values and Fiduciary Duty

A properly functioning internal control environment includes ethical values and integrity displayed by the governing board and management. The tone set by management through its words and actions should demonstrate to others that dishonest or unethical behavior will not be tolerated. An atmosphere in which employees feel safe to communicate concerns is a fundamental component of strong and effective internal controls.

The control environment provides the foundation for other internal controls to be effective in achieving the goals and objectives of the organization, and to prevent and/or deter fraud or illegal acts. Regular external audits are a strong deterrent to mismanagement and fraud, but they cannot serve as the only method of ensuring accountability. When the oversight agency and independent auditors are misled by acts of concealment and misrepresentation of financial relationships and transactions by senior management and others, there is a complete breakdown of internal controls that makes it easy for the diversion of funds to occur.

Questionable ethical values and tone set by the TVLC governing board members and management are illustrated in a string of emails between board members and management. The emails discuss project costs and analysis of the 3090 Independence Drive construction project:

Tim Hall, Board Member: February 29, 2016, 9:40AM

> "Thanks for the pie chart. I think it is very helpful. I'd like to see the spreadsheet and the pie chart on the same page. Is $26M the total of the bond financing? Is the pie chart just showing where the bond money went? Have we spent more than what's shown? Where are the construction costs that we still owe? Where are the additional expenditures we need to make before we can move in?"

John Zukoski, Jr., Director of Finance: February 29, 2016, 5:24 PM

> "The $26.3m is the total of the bond financing ($24.8m) plus $1.5m in prepayments and borrower contributions. The table and chart reflect how these sources were budgeted for the project.
>
> "Our actual outlays were $27.6m - $1.3M more than what was generated as part of the financing. We still owe Blueline the $1.3m that we had to divert to other outlays plus the estimated $1m for the LVCS parking lot and access road. The parking lot and access road were not part of the 3090 project budget.
>
> "In total we need to come up with $2.3M more before we can move in."

This email demonstrates board member and management discussions about diverting money owed to a vendor for "other outlays." It is unknown how TVLC paid for these expenditures, or the nature of so-called other outlays described in this email exchange.

Tim Hall, Board Member: March 1, 2016, 9:48 AM

> "Thanks ... Do we actually have $2M in a reserve account? Where is that money? Is it shown in our TVLC & LVCP budgets and financial statements?
>
> "What does '$1.5M in prepayments and borrower contributions' mean?
>
> "Where are extortion (sic) payments to Balch shown?
>
> "I'd like to see the sources of the $26.3M shown in a table.
>
> Have we actually spent $27.6M? Where did the additional $1.3M come from?

"Let's have a table showing what we owe plus the estimated cost of the parking lot & access road. In other words, the $2.3M we need to come up with before we can move in.

"I would like for this to be presented and discussed at this Thursday's meeting, as part of our response to the LVCP School Council letter. Are you concerned that such a detailed disclosure could cause problems at this point?"

"Extortion payments" referenced above are the additional monies paid to Balch to extend the purchase offer on 3090 Independence Drive following the collapse of the 2014 BANS. These extension payments are described earlier in this report totaling $1,304,400.

John Zukoski, Jr., Director of Finance: March 1, 2016, 5:04 PM

"Hi … - Independence Support, LLC has the $2M in a US Bank Trustee account. It's included in the cash and cash equivalents balance on page 4.

"The $1.5m in prepayments and borrower contributions was a combination of 'applicable deposits' that CPA made towards the purchase of the 3090 building (the portion of the Balch extortion (sic) funds that actually applied to the purchase) plus extra funds that CPA came in with at closing.

"The non-applicable extortion payments to Balch aren't shown in the 'Uses'. Could be risky to call that out if folks see that Balch extracted more than $1m of funds that didn't benefit the schools.

"We've only spent the $26.3M - we need to get the additional $1.3M from other sources.

"I am concerned that if we come out with the $2.3M figure now - parents will wonder where the other $1.3M is coming from and who is still owed the money...and then we would potentially need to publicly disclose that we owe our general contractor $1.3M.

"We'll probably need to disclose this at some point anyways ... so should we just take our lumps now?"

There is a consistent theme from TVLC board members and management regarding concerns about what "folks" and "parents" might find out rather than full and transparent disclosure. The email confirms Balch payments of $1,304,400 "didn't benefit the schools."

John Zukoski, Jr., Director of Finance: March 3, 2016, 11:00 AM

"Hi … - how does this version look?"

Scott Lessard, Board Member: March 3, 2016, 11:10 AM

"… If this is what you think is best we can go with that.

"For me it is getting a muddled (sic) with CPA income etc.

"Simple is better.

"… are the constructions change orders (overruns) included in the construction costs do we have a nondisclosure agreement with Balch?

"Was the parking lot ever ment (sic) to be included with the bond funding?"

This email shows continued concern that Balch be kept silent with a nondisclosure agreement.

Tim Hall, Board Member: March 3, 2016, 11:59 AM

> "This looks good to me. I like seeing all of the costs listed, and all of the sources of funds.
>
> "Where are 'rent' payments to Balch included?
>
> "… - I'm not sure what you mean by muddled, but I feel we need to explain where the funds have been coming from. Would you rather have CPA's prepayments lumped together under some other descriptor? Then how do we explain it if asked?
>
> "I don't have answers to all of this, I'm just asking."

<u>Tim Hall, Board Member: March 3, 2016, 12:03 PM</u>

> "I'm leaning towards as much disclosure as possible, although I don't want to jeopardize our financial standing in a manner that might inhibit the refinance of the Acacia facility.
>
> "As … asked, are we bound by a non-disclosure with Balch. Do we risk facing legal action if we disclose the extortion payments?"

Ethical concerns are raised by board members discussing with management how much disclosure they are willing to provide as long as it does not jeopardize financial standing that might influence the Acacia facility. Based on these emails, considerable effort was spent to keep information from the public and financial institutions about the true construction costs and the financial condition of TVLC charter schools.

<u>John Zukoski, Jr., Director of Finance: March 3, 2016, 12:18 PM</u>

> "We don't have a non-disclosure with Balch. However, CPA covered most of the extortion (sic) payments directly or reimbursed TVLC for the amounts that we paid .... so it could be a little muddy explaining how the money flowed and why..."

This email segment reveals that CPA and TVLC both paid for the extension payments that had no benefit to the charter school. These activities clearly diverted public funds from the charter school purpose, commingled funds, and are a gift of public funds.

Based on the evidence presented to FCMAT, there is sufficient documentation to demonstrate that fraud, mismanagement and misappropriation of the charter school funds and assets may have occurred. A significant material weakness exists in the charter school's internal control environment, which increases the probability of fraud and/or abuse.

Conclusion

FCMAT's analysis concludes that management of TVLC may have:

- Filed incomplete FPPC Form 700 conflict of interest forms
- Failed to fully disclose affiliated or related parties to the district and TVLC's auditor
- Concealed the true nature of related-party relationships
- Misled independent auditors
- Converted the use of tax-exempt public bonds totaling over $67 million to purchase land and buildings under the pretext that the acquisition was for a public charter school
- Diverted $2,728,202 of public school funds as off-book transactions
- Diverted and commingled funds with ISC, CPA and LCZC
- Diverted $40,000 of public school funds to a tenant of ISC
- Used LCZC as a conduit entity
- Failed to file IRS Form 1099s for host family payments
- Contributed to an environment of significantly deficient internal controls

It is imperative that the Alameda County Office of Education, the district, and the TVLC governing board review the findings and recommendations of this audit report and act within their respective authority as needed to limit the risk of fraud and/or misappropriation of assets.

In accordance with Education Code Section 1241.5(c), the county superintendent shall do the following:

> The county superintendent shall report the findings and recommendations to the governing board of the charter school at a regularly scheduled meeting, and provide a copy of the information to the chartering authority of the charter school, within 45 days of completing the review, audit, or examination. The governing board of the charter school shall, no later than 15 calendar days after receipt of the report, notify the county superintendent and its chartering authority of it proposed response to the recommendations.

Recommendation

The county superintendent should:

> Notify the governing boards of Alameda County Office of Education, Tri-Valley Learning Corporation, Livermore Valley Joint Unified School District, the State Controller, the Superintendent of Public Instruction, and the local district attorney that fraud, misappropriation of assets or other illegal activities may have occurred.

Subsequent Events

After FCMAT completed fieldwork and resulting from or related to FCMAT's audit of TVLC, the following events occurred:

1. To date, the June 30, 2016 independent audit report has not been issued.
2. Batchelor deposited approximately $350,000 on March 11, 2017 to TVLC who was desperate to issue employee payroll while Batchelor, the current CEO, board president Lessard and bankruptcy attorney Lucas collectively worked out a "Term Sheet."
3. According to TVLC's current CEO, Board President Lessard, working with Batchelor and Lucas, is attempting to restructure the 2012A bonds to "save TVLC." Batchelor told FCMAT investigators that he intends to convert the existing LVCS property into a private school on the same property with the elementary charter school - LVCS. If TVLC ceases to exist, Batchelor will have control over the property and assets of TVLC, paid for with public taxpayer dollars and converted to private ownership.
4. The following was prepared by Batchelor's public relations firm and current TVLC board president Lessard in a cooperative effort with TVLC's bankruptcy attorney, Lucas, to take over the 2012A bonds in an attempt to keep TVLC from imminent closure:

[EXPLANATORY NOTE TO JIM TIEMSTRA ET AL: *TVLC as a reporting entity under SEC Rule 15c2-12 will need to file a summary of this release with EMMA as public disclosure affecting security and sources of payment for the outstanding bond issues. The changes in this version are meant to avoid non-compliance with SEC Rule 10b-5 disclosure requirements.]*

CONTACT/EMBARGO INFO HERE

FORMER CEO BILL BATCHELOR COMMITS $1.4 MILLION OF FUNDING TO LIVERMORE CHARTER SCHOOLS KEEPING THEM FROM CLOSING

Batchelor Commitment Will Be Used As a Platform for TVLC to Exit Bankruptcy

LIVERMORE – Today Tri-Valley Learning Corporation, which runs Livermore Valley Charter School and Livermore Valley Charter Preparatory School, announced that an investment group run by Tri-Valley's former CEO, Bill Batchelor (CEO of Tri-Valley until 2015), has committed funding that will be used to keep open the schools and provide a way to exit bankruptcy.

"We've worked extremely hard for more than a year to ensure that our schools have the resources they need to continue providing a high-quality education to Tri-Valley families," said Dr. Scott Lessard, president of TVLC's board of directors. "Bill's investment group's funding commitment is a significant step forward in the restructuring process and gives our families the confidence that the resources will be there for the foreseeable future."

During the past year, the Livermore schools experienced a drop in enrollment that adversely affected the schools' operating revenue and caused financial problems. Tri-Valley commenced a chapter 11 bankruptcy case for the purpose of preserving the schools, stabilizing operations, and implementing a new business plan through a financial and operational reorganization that is aimed at restoring student enrollment, regaining accreditation, and providing the platform Tri-Valley needs to continue providing high-quality education to students in the Tri-Valley.

A nonprofit managed by Mr. Batchelor, California Preparatory Academy/ Squaw Valley Academy Bay Area ("SVABA"), and an investment group run by Mr. Batchelor have committed to fund Tri-Valley through its immediate fiscal challenges. The investment group is committing to fund Tri-Valley's revenue shortfall for the next three months up to $1.4 million and address the long-term obligations of Tri-Valley's bond related debt service, according to Mr. Batchelor. Tri-Valley's acceptance of the commitment is subject to bankruptcy court approval.

"We are very grateful to Bill for his support of the schools," said Dr. Lessard. "We expect this financial commitment will provide a solution aimed to keep our doors open."

Because of the $1.4 million financial commitment proposed by Mr. Batchelor, Dr. Lessard said the company can now prepare a reorganization plan that will address: (1)

long-term financial sustainability, (2) payments to creditors, (3) position the schools in a better position to regain accreditation, and (4) restructure the schools' operations to best ensure the continued success of their students. "With the court's approval, we hope to exit bankruptcy having made significant strides toward reaching these critical goals," Dr. Lessard added.

Since leaving Tri-Valley in 2015, Mr. Batchelor has focused on private schools. SVABA currently shares a campus with Livermore Valley Charter Preparatory School, and Dr. Lessard noted that SVABA already pays more than 90 percent of the rent showing his commitment to the Livermore charter schools.

Batchelor said he is pleased to help the Livermore charter schools stay open and provide a path to exit bankruptcy.

"Even though I haven't been involved in the Livermore charter schools since 2015, I helped start them, we share a campus, and I care about the students." said Batchelor. "The financial commitment reflects my belief in the organization, the important educational choices they provide, and gives the schools a new lease on life that is aimed to ensure the success of programs I have supported from their inception."

(NOTE TO INVESTORS: As part of its bond disclosure responsibilities, Tri-Valley expects to prepare and file an official summary of this news release on the EMMA system at www.msrb.org. This release is not a substitute for the official summary. Owners and prospective investors in the bonds must read the official summary in connection with any decision to buy, hold or sell bonds.)

Appendices and Exhibits

APPENDIX A:

Project Description from the Offering Memorandum, Series 2012A Bonds

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-acres 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.

APPENDIX B:

Project and Facilities Description from the Offering Memorandum, Series 2015 Bonds

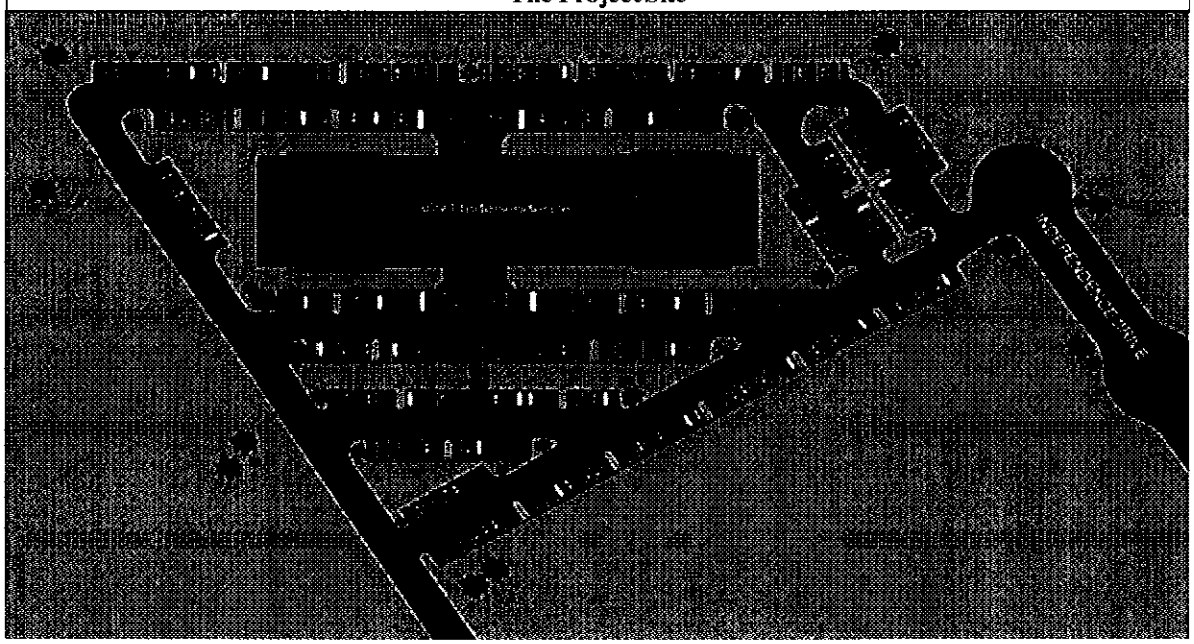
THE PROJECT

The Project includes the acquisition of a 79,270 square-foot, two-story office building that was constructed in 2002, and is generally known as Independence Plaza.

Project Site

The Project Site encompasses 5.56 acres (240,887 square feet). Parking is provided by 312 spaces, with ingress and egress afforded by two driveways. Water and sewer services at the Project Site are provided by the City of Livermore, and electricity and natural gas are provided by Pacific Gas and Electric Company. The Project Site is zoned for general commercial use, which may include office, light research and development and medical-related usage (in addition to school activities). The topography of the Project Site is generally level on a rolling hillside. The office building sits atop the hill segment, overlooking Livermore Valley.

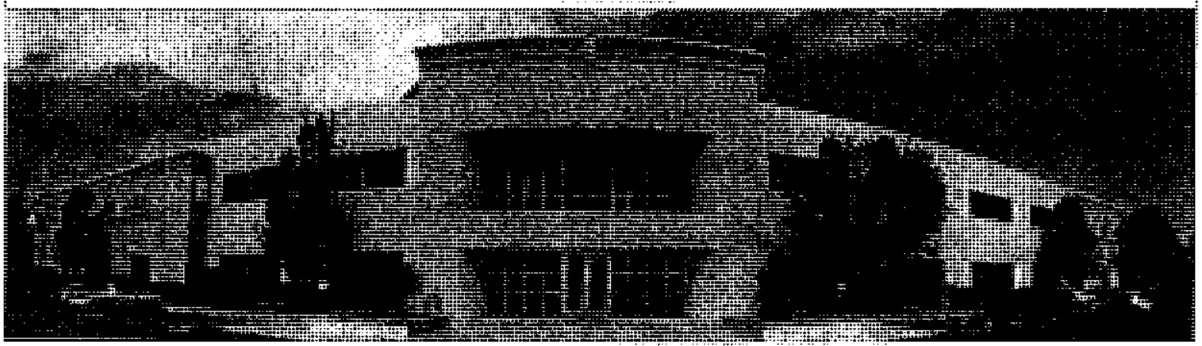
The Project Site



Facilities

The Facilities consist of a two-story class A structure completed in 2002 for multi-tenant office purposes. Utilizing proceeds of the Bonds and other available moneys (*see* "ESTIMATED SOURCES AND USES OF FUNDS" herein), the Facilities will be converted into a 1,200-student high school facility and will be 100% occupied by the Tenants pursuant to the Lease. The Facilities' foundation is a reinforced concrete slab. The structure consists of a steel frame and concrete tilt, with painted exterior walls composed of textured stucco and brick. The roof consists of built-up composition material. Depending on the tenant suite, floors are generally carpet, tile or vinyl tile over concrete. The interior walls are textured and painted sheet-rock, with ceilings composed of acoustical tiles (with some hard lid ceilings). Interior lighting is provided by an assortment of fluorescent fixtures, recessed lighting and bulb fixtures. HVAC, electrical and plumbing systems are reported to be in good condition, and the Facilities are fire-sprinklered and monitored for additional fire protection.

The Facilities



Project Costs

Proceeds of the Bonds will be applied to the acquisition of the Facilities and certain other costs and fees related thereto (including prorations; title, escrow and recording charges; and the termination payments owed to existing tenants of the Facilities), in addition to improvements to the Facilities. *See* "ESTIMATED SOURCES AND USES OF FUNDS" herein. In addition to proceeds of the Bonds, the Project will be funded using the prepayment of Rent by CPA, which prepayment amount consists of cash deposited with the Trustee at or prior to delivery of the Bonds and reimbursable Project costs for which CPA will forego cash reimbursement.

Construction

The Borrower will contract with Blueline Associates, Inc. of Pleasanton, California (the "Contractor"), to complete the improvements to the Facilities. These improvements include seismic structural reinforcement, the addition of restrooms, the conversion of shell space and current office suites to classrooms, and the necessary conversion of existing parking and landscaping from office to school use. The Contractor has experience in all types of commercial construction, including office, industrial, hi-tech, lab environments, retail, data centers and clean room environments. Additionally, the Contractor provides construction management, project management, budget estimates, bids, design-build or plan-and-spec construction. The Contractor is a certified Green Business and employs LEED Accredited Professionals in-house to offer input for construction materials and efficient use of resources.

APPENDIX C:

Tax Certificate and Agreement between California School Finance Authority and Tri-Valley Learning Corporation, dated October 4, 2012, relating to Series 2012A Bonds

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TAX CERTIFICATE AND AGREEMENT

BETWEEN

CALIFORNIA SCHOOL FINANCE AUTHORITY

AND

TRI-VALLEY LEARNING CORPORATION

DATED OCTOBER 4, 2012

RELATING TO

$27,500,000
CALIFORNIA SCHOOL FINANCE AUTHORITY
EDUCATIONAL FACILITIES REVENUE BONDS
(TRI-VALLEY LEARNING CORPORATION PROJECT), SERIES 2012A

TAX CERTIFICATE AND AGREEMENT

The California School Finance Authority (the "Authority"), Livermore Valley Charter School and Livermore Valley Charter Preparatory High School, operated as Tri-Valley Learning Corporation, a California nonprofit public benefit corporation (the "Borrower"), hereby enter into this Tax Certificate and Agreement (together with the Exhibits attached hereto, the "Tax Certificate") in connection with the issuance by the Authority of its Educational Facilities Revenue Bonds (Tri-Valley Learning Corporation Project) Series 2012A, in the initial aggregate principal amount of $27,500,000 (the "Bonds"). The representations of facts and circumstances and covenants of the Authority made herein are in furtherance of the covenants of the Authority set forth in the Indenture, dated as of October 1, 2012 (the "Indenture"), by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), and are in part made pursuant to Treasury Regulations Section 1.148-2(b)(2)(i). The representations of facts and circumstances and covenants of Borrower made herein are in furtherance of the covenants of the Borrower set forth in the Loan Agreement, dated as of October 1, 2012 (the "Loan Agreement"), among the Authority and Borrower.

I.

In General

1.1 **Purpose of Tax Certificate.** The Authority and the Borrower are delivering this Tax Certificate to Orrick, Herrington & Sutcliffe LLP ("Bond Counsel") with the understanding and acknowledgment that Bond Counsel will rely upon this Tax Certificate in rendering its opinion that interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code").

1.2 **Delivery of the Bonds.** The Authority is delivering the Bonds to Westhoff, Cone & Holmstedt (the "Underwriter") on the date hereof in exchange for good funds.

1.3 **The Authority.** The Authority is a public instrumentality of the State of California (the "State"), and is authorized under the California School Finance Authority Act to incur indebtedness for the purpose of financing or refinancing certain educational facilities. The Authority hereby certifies, represents, covenants and warrants that: (i) the Authority has been created pursuant to the laws of the State; (ii) the Authority was created for a public purpose; (iii) the Authority is governed by a body controlled by elected representatives of the State; (iv) the Authority is authorized to issue obligations such as the Bonds for the purposes for which the Authority was created; (v) the earnings of the Authority will not and cannot inure to the benefit of any private person; and (vi) upon dissolution of the Authority, title to the Authority's assets will revert to the State or a political subdivision thereof.

1.4 **Purpose for Bonds; Application of Proceeds.** The Bonds are being issued for the purposes of: (i) funding a loan to the Borrower to finance a portion of the cost of the acquisition, construction, improvement and equipping of certain public charter school facilities located in Livermore, California (the "Facility"), as described in Section 1.5 below; (ii) funding a deposit to the Reserve Fund; and (iii) funding certain costs of issuance of the Bonds.

1.5 **The Facility.** The facilities being financed by the Bonds include a portion of the acquisition, for federal income tax purposes, of the land and buildings from Montevina Phase I, LLC ("Montevina I") and Montevina Phase II, LLC ("Montevina II", and together with Montevina I, the "Sellers") located in the City of Livermore, California and known as Montevina Phase I and Montevina Phase II (collectively, the "Montevina Real Estate") for an aggregate purchase price of $22,400,000.00 and various closing costs of $665,534.34, totaling an aggregate cost of $23,065,534.34. The facilities being financed by the Bonds also includes the acquisition, for federal income tax purposes, of additional land and improvements known as the "JPA Building" for a purchase price of $3,143,860.00 and various closing costs of $22,275.06, totaling an aggregate cost of $3,166,135.06 from a different party. None of the Borrower, the Sellers (together) or the seller of the JPA Building are Related Persons (as defined below). The acquired Montevina Phase I and JPA Building real estate, together with the improvements treated as made thereto with the proceeds of the Bonds (the "Tax-Exempt Facility") and the Montevina Phase II real estate, together with the improvements treated as made thereto, and the improvements treated as made to the Montevina Phase I real estate with the proceeds of the Obligations (the "QSCB Facility," and together with the Tax-Exempt Facility, the "Facility") will be exclusively owned, used and operated by the Borrower. In addition, the Borrower will allocate its own funds in the amount of $1,094,583.17 to the entire acquisition of a portion of the Montevina Phase II real estate that includes the real property improvements on parcels 16 and 17, and know as buildings 15 and 16, originally included in Montevina Phase I (the "Building 15 and 16 Real Estate"). The Building 15 and 16 Real Estate is not part of the QSCB Facility or the Tax-Exempt Facility.

The Borrower will convert the Facility into a charter school facility to be shared between Livermore Valley Charter School and Livermore Valley College Preparatory High School, the Borrower's existing schools, which currently operate at separate locations. The Tax-Exempt Facility will include constructed improvements to classrooms, labs, lounges, restrooms, offices, dining and multi-purpose space. The QSCB Facility will include athletic and extracurricular facilities as well as constructed improvements to classrooms, labs, lounges, restrooms, offices, dining and multi-purpose space for use by the Borrower.

The acquisition of the Facility, excluding the JPA Building, is a single coordinated transaction between the Borrower and the Sellers. The transfer of the existing real property assets by the Sellers to the Borrower will occur by way of (i) a cash prepayment of all of the rent due under that certain Site Lease, dated as of October 1, 2012 (the "Site Lease"), by and between Montevina I and the Authority, and that certain Sublease, dated as of October 1, 2012 (the "Sublease"), by and between the Authority and the Borrower, (ii) a cash payment of certain real estate closing costs in addition to the amount denominated as rent under (i) above, (iii) delivery of that certain Limited Obligation Site Lease, dated as of October 1, 2012 (the "Limited Obligation Site Lease"), by and between Montevina II and the Authority, to Montevina II as a payment in kind and (iv) delivery of that certain Subordinate Obligation Sublease, dated as of October 1, 2012 (the "Subordinate Obligation Sublease"), between the Authority and the Borrower, to the Authority. All of the rent on the Site Lease will be paid on the date hereof. The Limited Obligation Site Lease is being treated as a debt obligation for federal tax purposes. These leasing transactions are designed to convey ownership of the Montevina Real Estate to the Borrower on the date hereof. Fee title to the Montevina Real Estate will pass automatically to the Borrower at the end of these leases. The issue price of the Limited Obligation Site Lease ($15,000,000) is treated as a cash payment amount for federal tax purposes and for purposes of this Tax Certificate.

The principal component of the rental payments on the Site Lease and the Limited Obligation Site Lease, respectively, are not indicative of the value of the real estate to which each such lease relates. The Montevina Real Estate can be divided into, and the purchase price is properly allocated among, four elements: (i) the original Montevina Phase I land and buildings with an allocated value of $14,746,000 (the "Phase I Real Estate"), (ii) the Building 15 and 16 Real Estate with an allocated value of $1,063,000, (iii) the land associated with the Building 15 and 16 Real Estate ("Parcels 16 and 17") with an allocated value of $591,000, and (iv) the original and unimproved Montevina Phase II Real Estate with an allocated value of $6,000,000 (the "Phase II Land"). The $27,500,000 of proceeds of the Bonds are hereby allocated in the following priority to (a) the acquisition of the Phase I Real Estate in the amount of $15,184,123.63, (b) the acquisition of the JPA Building in the amount of $3,166,135.06, (c) financing a deposit to the Reserve Fund in the amount of $2,136,012.50, (d) costs of issuing the Bonds in the amount of $550,000, including the payment of the Underwriter's discount of $453,750.00, and (e) financing a portion of the costs of constructing, improving or equipping the Phase I Real Estate expected in the amount of $6,463,728.81. Because a portion of the Montevina Real Estate is being exchanged for the Obligations and cash is being paid for the Bonds, cash that for document purposes is treated as proceeds of the Bonds will instead for federal tax purposes be treated as proceeds of the Obligations, and the issue price of the Obligations is treated as cash for use in acquiring property or making fund deposits, available for reallocation as set forth in Section 2.1 below.

1.6 Definitions. Capitalized terms used herein which are not otherwise defined herein shall have the respective meanings set forth in the Indenture. Unless the context otherwise requires, the following capitalized terms have the following meanings for purposes of this Tax Certificate:

Bona Fide Debt Service Funds means the funds described in Section 3.4.7 of this Tax Certificate to the extent the funds meet the requirements of such Section.

Bond Year means for purposes of this Tax Certificate the period beginning on the Closing Date and ending on the first anniversary of the Closing Date (unless the Borrower selects otherwise) and each succeeding one-year period (with the last Bond Year ending on the first date that none of the Bonds remain outstanding for federal tax purposes). The Borrower may (prior to the fifth anniversary of the Closing Date) select any date prior to the first anniversary of the Closing Date in lieu of the first anniversary of the Closing Date as the end of each Bond Year.

Closing Date means October 4, 2012, the date of the physical delivery of the Bonds.

Expenditure Exception Gross Proceeds means the Gross Proceeds properly attributable to the Bonds, except for amounts (i) held in the Bona Fide Debt Service Funds and the Reserve Fund; (ii) that, as of the Closing Date, are not reasonably expected to become Gross Proceeds but that become Gross Proceeds after the date six months after the Closing Date (in the case of the Six-Month Expenditure Exception; see Section 5.4.2 hereof); (iii) representing Sale Proceeds or Investment Proceeds derived from payments under any purpose investment of the issue; or (iv) representing repayments of grants (as defined in Treasury Regulations Section 1.148-6(d)(4)) financed by the Bonds.

Gross Proceeds has the meaning used in Treasury Regulations Section 1.148-1(b), and generally means, when such term is used with respect to the Bonds, all proceeds derived from or relating to the Bonds, including Investment Proceeds, amounts pledged to pay debt service on the Bonds, and amounts expected to be used to pay debt service on the Bonds.

Investment Proceeds means amounts earned from the investment or reinvestment of Proceeds.

Investment Property means any security or obligation (other than a Tax-Exempt Obligation), any annuity contract, or any other investment-type property.

Minor Portion means any amount of Gross Proceeds of the Bonds not greater than $100,000 invested at an unrestricted yield pursuant to Code Section 148(e).

Net Proceeds means the Proceeds of the Bonds less amounts deposited in the Reserve Fund.

Net Sale Proceeds means, with respect to the Bonds, Sale Proceeds of the Bonds less any portion of such Sale Proceeds invested as part of the Minor Portion or held in the Reserve Fund.

Nonpurpose Investment means any Investment Property in which Gross Proceeds are invested other than the Loan Agreement.

Opinion of Counsel means an opinion of counsel nationally recognized in the area of municipal finance to the effect that an action or inaction will not impair the exclusion of the interest payable with respect to the Bonds from gross income for purposes of federal income taxation.

Proceeds means Sale Proceeds and Investment Proceeds.

Rebate Requirement means the amount of rebatable arbitrage earned with respect to Gross Proceeds which do not qualify for an exception from the requirements of Section 148(f)(2) of the Code as described in Section 5.4 of this Tax Certificate, computed as of the last day of any Bond Year pursuant to Section 1.148-3 of the Treasury Regulations.

Related Person means:

(i) In the case of a 501(c)(3) corporation, any organization that, directly or indirectly, controls or is controlled by the 501(c)(3) corporation or is part of a group that is commonly controlled.

(ii) In the case of a corporation other than a 501(c)(3) corporation, (A) an individual who owns directly or indirectly more than 50% in value of the outstanding stock of the corporation; (B) a partnership, if any partner owns more than 50% in value of the outstanding stock of the corporation; (C) another corporation, if that corporation owns more than 50% of the voting power or value of the corporation; (D) another corporation, if more than 50% of the voting power or value of its stock is owned by the corporation; (E) another corporation, if five or fewer individuals own stock possessing more than 50% of the voting power or value of both that corporation and the corporation; (F) an S corporation, if the same individual owns more than 50% in value of both the S corporation and the corporation; or (G) a trust or its grantor, either of which owns more than 50% in value of the outstanding stock of the corporation.

(iii) In the case of a partnership, (A) a partner that owns directly or indirectly more than 50% of the capital interest or the profits interest in such partnership; (B) another partnership, if the same person or persons own directly or indirectly more than 50% of the capital interest or the profits interest in both that partnership and the partnership; or (C) an S corporation, if the same person or persons own more than 50% of the capital interest or the profits interest in the partnership.

(iv) In the case of an individual, (A) members of the individual's family (including the individual's spouse, brothers, sisters, ancestors and lineal descendants); (B) a corporation more than 50% in value of the outstanding stock of which is owned directly or indirectly by or for such individual; (C) a partnership, if the individual owns directly or indirectly more than 50% of the capital interest or the profits interest in such partnership; or (D) a trust as to which the individual is either grantor or beneficiary, or which has the same grantor as a trust to which the individual is beneficiary.

Reserve Fund means the Reserve Fund established under the Indenture.

Sale Proceeds means, the amount received from the sale of the Bonds, $27,500,000.

Tax-Exempt Obligation means any obligation the interest on which is excludable from gross income under Section 103(a) of the Code, any interest in a regulated investment company the income of which is at least 95% excludable to the holder under Section 103(a) of the Code, and any certificate of indebtedness issued by the United States Treasury pursuant to the Demand Deposit State and Local Government Series program, but does not include any interest in a "specified private activity bond" within the meaning of Section 57(a)(5)(C) of the Code.

Temporary Periods:

Three-Year Temporary Period means, as set forth in Treasury Regulations Section 1.148-2(e)(2), the three-year temporary period exception to the yield restriction requirement of Code Section 148(a), which exception applies only to the extent that the Borrower reasonably expects that (i) 85% of the Net Sale Proceeds are to be allocated to expenditures on capital projects by the end of the three-year period following the issue date; (ii) the Borrower will within six months of the issue date incur a substantial binding obligation to a third party to expend at least 5% of the Net Sale Proceeds of the issue on capital projects; and (iii) the allocation of the Net Sale Proceeds of the issue to expenditures will proceed with due diligence.

Underwriter means Westhoff, Cone & Holmstedt.

1.7 Reliance by the Authority on Other Parties. Except as set forth in Section 1.3, the expectations and representations of the Authority concerning certain uses of proceeds of the Bonds and certain other moneys described herein and other matters are based in whole upon representations of the Borrower and other parties as set forth in this Tax Agreement or the exhibits hereto. The Authority is not aware of any facts or circumstances that would cause it to question the accuracy or reasonableness of any representation made in this Tax Certificate or the exhibits hereto. The obligations, covenants and requirements to act and to omit to act after the issuance of the Bonds undertaken by the Authority herein, other than those set forth in Sections 2.15 and 5.8 herein, are undertaken in reliance upon the covenants of the Borrower to act or refuse to act in a certain manner in the future, as set forth in this Tax Certificate and the Loan Agreement, and the Authority is exclusively relying on the Borrower to act or refuse to act in the manner required by this Tax Certificate or the Loan Agreement except to the extent a particular affirmative action by the Authority is required or prohibited.

1.8 Reliance by the Borrower on Other Parties. The expectations of the Borrower concerning actions taken or to be taken by or on behalf of the Authority and certain uses of proceeds of the Bonds and certain other moneys described herein and other matters are based in whole or in part upon representations of the Authority and other parties set forth in this Tax Certificate or the exhibits hereto. The Borrower is not aware of any facts or circumstances that would cause it to question the accuracy or reasonableness of any representation made in this Tax Certificate or exhibits hereto.

1.8 One Issue. As described in Exhibit A hereto, all of the Bonds were sold to the Underwriter on September 6, 2012 (the "Sale Date"). The Bonds have all been sold pursuant to the same plan of financing, and are reasonably expected to be paid from substantially the same source of funds. Accordingly, the Bonds will be treated as a single issue for federal tax purposes. Except as set forth below, no other governmental obligations expected to be paid from substantially the same source of funds have been sold within 15 days before Sale Date or within 15 days after the Sale Date pursuant to the same plan of financing as the Bonds.

On the date hereof, the Authority is also delivering the QSCBs to Montevina II, which are federally taxable debt obligations. Pursuant to Treasury Regulations Section 1.150-1(c)(2), the Bonds and the QSCBs shall not constitute a single issue for federal tax purposes.

II.

General Tax Matters

2.1 **Private Activity Bonds.** All of the proceeds of the Bonds will be loaned to Borrower, which is not a state or a political subdivision of a state.

2.2 **Tax-Exempt Status – Borrower.** The Borrower is an organization described in Section 501(c)(3) of the Code and is exempt from federal income tax under Section 501(a) of the Code, or corresponding provisions of prior law, as set forth in a determination letter issued by the Internal Revenue Service. Said determination letter has not been modified, limited or revoked. The Borrower shall, until the Bonds have been paid or redeemed, maintain its status as an organization described in Section 501(c)(3) of the Code and its exemption from federal income tax under Section 501(a) of the Code or corresponding provisions of future federal income tax laws. No proceedings are pending or threatened in any way affecting the status of the Borrower as an organization described in Section 501(c)(3) of the Code, or which would subject any income of the Borrower to federal income taxation to such extent as would result in the loss of its tax-exempt status under Section 501(a) of the Code or the loss of the exclusion from gross income of interest payable with respect to the Bonds for federal income tax purposes under Section 103 of the Code. The Borrower is not under examination or audit by the Internal Revenue Service, nor has the Borrower received notice, oral or written, from the Internal Revenue Service of a proposed examination or audit thereby, with respect to any fiscal year of such entity.

2.3 **Ownership.** The only property which will be financed with the Net Proceeds of the Bonds is the Tax-Exempt Facility. All of the facilities comprising the Tax-Exempt Facility are or will be owned, operated and used by the Borrower for federal tax purposes and the Borrower does not expect to sell or otherwise dispose of such facilities, in whole or in part, except due to normal wear, tear, and obsolescence, before payment in full of the Bonds. Any disposition for consideration will be treated as a change in use, and the Borrower shall consult with Bond Counsel as to the proper disposition of such facilities and shall comply with the advice of Bond Counsel with respect to such disposition.

2.4 **Qualified 501(c)(3) Bonds.** (a) At least 95% of the Net Proceeds of the Bonds, including investment earnings thereon, will be used to provide for activities directly related to the exempt purposes of the Borrower. For this purpose, Net Proceeds of the Bonds used to pay costs of issuance are not treated as used for the exempt purpose of the Borrower.

(b) The Borrower does not expect to and shall not perform any act, enter into any agreement, or use or permit more than 5% of the Net Proceeds of the Bonds or more than 3% of the Tax-Exempt Facility to be used in any manner by an entity other than a state or local government or another 501(c)(3) organization (but only to the extent such organization is using the

Tax-Exempt Facility exclusively in activities directly related to the exempt purposes of such organization), or for any trade or business unrelated to the exempt purposes (as defined in Section 513(a) of the Code) of the Borrower, unless the Borrower and the Authority receive an Opinion of Counsel with respect to such act, agreement or use.

(c) The Borrower has not entered into and will not enter into, any arrangement with any person or organization (other than a state or local governmental unit or another 501(c)(3) organization, but only to the extent such organization is using the Tax-Exempt Facility exclusively in activities directly related to the exempt purposes of such organization) which provides for such person or organization to manage, operate, or provide services with respect to more than 3% of the Tax-Exempt Facility (a "Service Contract") if such Service Contract gives rise to private use. The guidelines set forth in Revenue Procedure 97-13 (the "Guidelines") describe situations in which the Internal Revenue Service will rule that a Service Contract does not give rise to private use. Service Contracts that relate to the use or operation of the Tax-Exempt Facility by physicians, professional corporations, or other "service providers," as that term is used in the Guidelines (the "Service Providers"), will satisfy the Guidelines if the requirements of each of the following subsections is satisfied:

(i) The compensation of the Service Provider under the contract shall be reasonable for the services rendered.

(ii) The contract does not provide for any compensation for services, based in whole or in part, on a share of net profits from the operation of the Tax-Exempt Facility. Generally, compensation is <u>not</u> based on a share of net profits if such compensation is based on a "capitation fee" or a "per-unit fee." Under the Guidelines, "capitation fee" means a fixed periodic amount for each person for whom the Service Provider assumes the responsibility to provide all needed services for a specified period (so long as the quantity and type of services actually provided to covered persons varies substantially). Under the Guidelines, a "per-unit fee" means a fee based on a unit of service provided (*e.g.*, a stated dollar amount for each specified medical procedure performed).

(iii) The contract provides for a compensation arrangement for the Service Provider that satisfies any <u>one</u> of the following four paragraphs:

(a) For contracts with a term, including renewals, of not more than 5 years, at least 50% of the compensation for services for each annual period during the term of the Service Contract is based on a "capitation fee" or a combination of a "capitation fee" and a periodic fixed fee. In addition, the contract must be cancelable by the Borrower on reasonable notice, without penalty or cause, at the end of the third year of the contract term.

(b) For a contract with a term, including renewal options, of not more than three years, all of the Service Provider's compensation is based on "per-unit fee" or a combination of a "per-unit fee" and a periodic fixed fee. For this compensation arrangement to satisfy the Guidelines, the contract must be cancelable by the Borrower on reasonable notice, without penalty or cause, at the end of the second year of the contract term. In addition, the amount of the "per-unit fee" must be specified in the Service Contract or otherwise specifically limited by the Borrower, or an independent third party (e.g., the administrator of the Medicare program).

(c) For a contract with a term, including renewal options, that is not longer than two years, all of the Service Provider's compensation is based on a percentage of fees charged or a combination of per-unit fee and a percentage of revenues or expenses. For this compensation arrangement to satisfy the Guidelines, the contract must be cancelable by the Borrower on reasonable notice, without penalty or cause, at the end of the first year of the contract term. In addition, the contract must (A) require the Service Provider to provide services primarily to third parties (e.g., radiology services); or (B) involve a facility during an initial start-up period for which there have been insufficient operations to establish a reasonable estimate of the amount of the annual gross revenues and expenses (e.g., a service contract for general management services for the first year of operations). During the start-up period only, the Service Provider's compensation may be based on a percentage of either gross revenues, adjusted gross revenues or expenses of the Tax-Exempt Facility.

(d) For a contract with a term, including renewal options, that is not longer than (i) the lesser of 10 years or 80% of the reasonably expected useful life of the financed property, or (ii) the lesser of 15 years or 80% of the reasonably expected useful life of the financed property, at least 80% (in the case of a contract with a term described in (i) hereof) or at least 95% (in the case of a contract with a term described in (ii) hereof) is based on a periodic fixed fee. For purposes of this paragraph, a fee does not fail to qualify as a periodic fixed fee as a result of a one-time incentive award during the term of the contract under which compensation automatically increases when a gross revenue or expense target (but not both) is reached if that award is equal to a single, stated dollar amount.

(iv) Under the Guidelines, contract termination penalties include: (1) a limitation on the right of the Borrower to compete with the Service Provider; (2) a requirement that the Borrower purchase equipment, goods, or services from the Service Provider; and (3) a requirement that the Borrower pay liquidated damages for cancellation of the contract. However, the Guidelines generally do not treat the following as contract termination penalties: (1) a requirement, effective on cancellation of the contract, that the Borrower reimburse the Service Provider for ordinary and necessary expenses; and (2) a restriction on the Borrower against hiring key personnel of the Service Provider.

(v) The Service Provider does not have a role or relationship with the Borrower (or the Authority) that, in effect, substantially limits the ability of the Borrower to exercise its rights, including cancellation rights, under the Service Contract. Accordingly, not more than 20% of the voting power of the governing body of the Borrower (or the Authority), in the aggregate may be vested in the Service Provider and its directors, officers, shareholders, and employees. In addition, not more than 20% of the voting power of the governing body of the Service Provider in the aggregate may be vested in the Borrower (or the Authority), and its directors, officers, shareholders, and employees. Furthermore, the group of persons belonging to both the governing board of the Borrower (or the Authority), and the Service Provider may not include the chief executive officers of the Borrower (or the Authority), and the Service Provider, or their respective governing bodies. Finally, neither the Borrower nor the Authority may be members of the same "controlled group" (within the meaning of Treasury Regulations § 1.150-1(f)) or "related persons" (within the meaning of Code Section 144(a)(3)) as the Service Provider.

2.6 $150,000,000 Limit. The Borrower does not have any outstanding tax-exempt nonhospital obligations allocated to it under Section 145(b)(4) of the Code which, together with the Bonds, aggregate to more than $150,000,000. The Borrower will not take steps which cause previously issued nonhospital bonds to be allocated to any of them within the three-year period beginning on the later of the date hereof or the date the financed facilities of the Borrower are placed in service, if such allocation would cause the $150,000,000 limit described above to be exceeded. The Borrower will not allow any organization described in Section 501(c)(3) of the Code to use its facilities or any portion thereof if such use would cause the amount of nonhospital bonds allocated to it plus any previously issued tax-exempt nonhospital obligations allocated to such organization under Section 145(b)(4) of the Code to exceed $150,000,000. The limitations set forth above in this Section will not apply if the Borrower in fact uses at least 95% of the Net Proceeds of the Bonds to finance capital expenditures.

2.7 Not Residential Rental Property for Family Units. No portion of the Facility includes any units with complete facilities for living, sleeping, eating, cooking and sanitation.

2.8 Useful Life. The Tax-Exempt Facility includes real property with a useful life of at least 30 years. The average maturity of the Bonds does not exceed one hundred twenty percent (120%) of the remaining average reasonably expected economic life of the Tax-Exempt Facility determined as of the later of the date of issue of the Bonds or the dates on which such assets were or are expected to be placed in service.

2.9 Prohibited Facilities. None of the proceeds of the Bonds will be used to finance or refinance any airplane, skybox or other private luxury box, facility primarily used for gambling, or any store the principal business of which is the sale of alcoholic beverages for consumption off premises.

2.10 Public Hearing and Approval. The Authority caused to be published on February 28, 2012 in *The Valley Times* and *The Sacramento Bee*, newspapers of general circulation within the area where the Facility is located and in the County of Sacramento, respectively, notice of a public hearing regarding the Authority's issuance of the Bonds to finance the Tax-Exempt Facility. Copies of the notices are attached hereto as Exhibit B. On March 14, 2012, the Authority held the aforementioned public hearing. At this hearing all interested persons were invited and given a reasonable opportunity to comment upon the nature and location of the Tax-Exempt Facility and the financing thereof by the Bonds. At the hearing all interested persons were invited and given a reasonable opportunity to comment upon the nature and location of the Tax-Exempt Facility and the financing thereof by the Bonds. On May 30, 2012, the Treasurer of the State of California, as "applicable elected representative," approved the issuance of the Bonds for the purpose of financing the Tax-Exempt Facility. Until the earlier of (i) the first date on which none of the Bonds are outstanding or (ii) the end of the expected useful life of the Tax-Exempt Facility, each component of the Tax-Exempt Facility will be located at the street address or addresses listed, or at the locations and in the manner otherwise described, in the notices of public hearing referenced in Exhibit B.

2.11 Costs of Issuance. Proceeds in an amount not more than 2% of the Sale Proceeds of the Bonds will be used to pay costs of issuing the Bonds, including underwriter's discount.

2.12 Registered Form. The Bonds are being issued in registered form.

2.13 No Federal Guarantee. Neither the Authority nor the Borrower will, directly or indirectly, use or permit the use of or otherwise invest any Proceeds of the Bonds or any other funds of the Authority or the Borrower or take or omit to take any action that would cause the Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code. In furtherance of this representation, warranty and covenant, neither the Authority nor the Borrower will allow the payment of the principal of or interest on the Bonds to be guaranteed (directly or indirectly) in whole or in part by the United States or any agency or instrumentality thereof. Neither the Authority nor Borrower will, except as provided in the next sentence, use 5% or more of the Proceeds of the Bonds to make loans the payment of the principal or interest with respect to which are guaranteed (directly or indirectly) in whole or in part by the United States or any agency or instrumentality thereof, nor will the Authority or the Borrower invest 5% or more of the Proceeds of the Bonds in federally insured deposits or accounts. However, proceeds of the Bonds may be invested without regard to the limitation in this Section as follows: (i) investments qualifying for the Three-Year Temporary Period; (ii) investments in the Bona Fide Debt Service Funds and the Reserve Fund to the extent described in Section 3.4.7; and (iii) investments in obligations issued by the United States Treasury or as otherwise provided by Section 149(b)(3) of the Code.

2.14 No Refunding Bonds. None of the proceeds of the Bonds will be used directly or indirectly to make principal, interest or premium payments with respect to any obligation other than the Bonds.

2.15 Information Reporting. Each of the Authority and the Borrower certify that it has reviewed the Internal Revenue Service Form 8038 to be filed in connection with the issuance of the Bonds, and believes that all of the information contained in the Form 8038 is true and complete. Such Form 8038 will be filed as directed in the instructions to such form, no later than the fifteenth day of the second calendar month following the close of the calendar year quarter in which the Bonds are issued (i.e., February 15, 2013).

2.16 No Pooling. Neither the Authority nor the Borrower will use the Proceeds of the Bonds directly or indirectly to make or finance loans to two or more ultimate borrowers.

2.17 No Hedge Bonds. The Borrower reasonably expects that more than 85% of the Net Sale Proceeds of the Bonds will be expended for the governmental purpose of the Bonds before the date that is 3 years after the Closing Date. In addition, the Borrower expects that at least 10% of such Net Sale Proceeds will be so spent within 1 year after the Closing Date and at least

30% will be so spent within 2 years after the Closing Date. No more than 50% of the Net Sale Proceeds of the Bonds will be invested in investment securities with a yield substantially guaranteed for 4 years or longer.

2.18 Allocations. All allocations of Sale Proceeds to expenditures will occur not later than 18 months after the date of the expenditure or 18 months after the date the facility to which the expenditure relates is completed and actually operating at substantially the level for which it was designed, but in all events not later than 60 days after the fifth Bond Year (or 60 days after none of the Bonds are outstanding, if earlier). Such final allocation will be consistent with the representations made in Section 1.5 above.

2.19 Retention of Records. The Borrower covenants to maintain all records relating to the requirements of the Code and the representations, certifications and covenants set forth in this Tax Certificate until the date three years after the last outstanding Bonds have been retired. If any of the Bonds are refunded by Tax-Exempt Bonds (the "Refunding Obligations"), the Borrower covenants to maintain all records required to be retained by this Section 2.19 until the later of the date three years after the last outstanding Bonds have been retired or the date three years after the last Refunding Obligations have been retired. The records that must be retained include, but are not limited to:

(a) Basic records and documents relating to the Bonds (including this Tax Certificate and the opinion of Bond Counsel);

(b) Documentation evidencing the expenditure of Bond Proceeds;

(c) Documentation evidencing the use of the Tax-Exempt Facility by public and private sources (e.g., copies of management contracts, research agreements, leases, etc.);

(d) Documentation evidencing all sources of payment or security for the Bonds; and

(e) Documentation pertaining to any investment of proceeds of the Bonds (including the purchase and sale of securities, SLGS subscriptions, yield calculations for each class of investments, actual investment income received from the investment of proceeds, guaranteed investment contracts, and rebate calculations). See also Section 5.3 hereof regarding records required to be kept for purposes of calculating the Rebate Requirement.

2.20 [RESERVED].

III.

Arbitrage

3.1 **Reasonable Expectations.** This Article III sets forth the reasonable expectations, statements of fact and representations of the Authority and the Borrower with respect to the amount and use of the proceeds of the Bonds and certain other funds.

3.2 **Sale Proceeds.** The total Sale Proceeds to be derived from the sale of the Bonds is equal to $27,500,000, the par amount of the Bonds. Of this amount, $15,184,123.63 will be treated as transferred to Chicago Title Company to pay the aggregate acquisition cost of the Phase I Real Estate, $3,166,135.06 will be treated as transferred to Chicago Title Company to pay the aggregate acquisition cost of the JPA Building, and $453,750 will be retained by the Underwriter as underwriter's discount. The remaining Sale Proceeds are expected to be needed and fully expended as follows:

3.2.1 **Costs of Issuance.** After various allocations on the Closing Date and before any payments, a total of $816,631.16 will be held in the Costs of Issuance Fund. That amount is derived as follows. The initial deposit of $396,250 in the Costs of Issuance Fund is (i) Sale Proceeds in the amount of $96,250 to be used to pay costs of issuing the Bonds and (ii) $300,000 treated as coming from proceeds of the Obligations to be used to pay costs of issuing the Obligations. After reimbursement of the Borrower for certain costs of the Tax-Exempt Facility, $420,381.16 of Borrower equity also will be treated being depositing in the Costs of Issuance Fund to be used to pay costs of issuing the Bonds or the Obligations.

3.2.2 **Tax Exempt Project Account.** After various allocations on the Closing Date, a total of $3,812,941.81 will be held in the Tax Exempt Project Account. That amount is derived as follows. Sale Proceeds of the Bonds in the amount of $5,369,145.64 will be deposited in the Tax Exempt Project Account to be used to finance the Tax Exempt Facility. The Borrower will be reimbursed for $2,650,787.00 from the Tax Exempt Project Account for certain costs of the Tax-Exempt Facility, and $1,094,583.17 of such amount that has become equity of the Borrower will be treated as being used to pay for the acquisition of the Building 15 and 16 Real Estate. To be consistent with that allocation, $1,094,583.17 will be deposited back into the Tax Exempt Project Account to be used to finance the Tax Exempt Facility and will be treated as sale Proceeds of the Bonds.

3.2.3 **Reserve Fund.** Sale Proceeds of the Bonds in the amount of $2,136,012.50 will be deposited in the Reserve Fund.

The $7,913,172.46 transferred to the Subsidy Project Account of the Project Fund is to be treated as proceeds of the Obligations and not proceeds of the Bonds.

3.3 **No Overissuance; No Excess Proceeds.** The total proceeds to be received from the sale of the Bonds, together with other funds made available by the Borrower, and anticipated investment earnings thereon, do not exceed the total of the amount necessary to finance the governmental purposes for which the Bonds are issued as described above.

3.4 Funds and Accounts.

3.4.1 General. The following funds and accounts relating to the Bonds have been or will be established under the Indenture and the Support Agreement:

- Project Fund
  - Tax Exempt Project Account
  - Subsidy Project Account
- Costs of Issuance Fund
- Revenue Fund
  - Interest Account
  - Principal Account
- Reserve Fund
- Insurance and Condemnation Proceeds Fund
- Capital Maintenance and Operations Fund
- Redemption Fund
- Rebate Fund
- Indemnification Fund
- Liquidity Fund

3.4.2 Costs of Issuance Fund. The amounts in the Costs of Issuance Fund will be used solely for payment of the costs of issuance with respect to the Bonds by 180 days from the Closing Date, with the remaining balance therein, if any, transferred to the Project Fund.

3.4.3 Project Fund. Amounts in the Project Fund will be used to finance the acquisition, improvement and equipping of the Tax-Exempt Facility. At least 85% of the Net Sale Proceeds will be allocated to expenditures on capital projects within three years after the Closing Date. The Borrower has incurred or expects to incur within six months after the Closing Date a substantial binding obligation to a third party involving an expenditure of at least 5% of such Net Sale Proceeds on capital projects. The Authority and the Borrower reasonably expect that construction of the Tax-Exempt Facility and the allocation of the Net Sale Proceeds of the Bonds to expenditures will proceed with due diligence to completion.

3.4.4 Reserve Fund. The Indenture establishes a Reserve Fund to provide additional assurance for the payment of principal of or interest on the Bonds in the event that no other moneys are available therefor. The amount required to be maintained in the Reserve Fund is no greater than the least of: (i) ten percent (10%) of the stated principal amount of the Bonds; (ii) one hundred twenty-five percent (125%) of average annual debt service on the Bonds; and (iii) maximum annual debt service on the Bonds. The amount required to be maintained in the Reserve Fund is no greater than is customary with respect to tax-exempt issues of this type and was a material factor in the marketing of the Bonds, based upon certain representations of the Underwriter (see Exhibit A). Such amount does not exceed 10% of the Sale Proceeds of the Bonds.

3.4.5 Redemption Fund. The Indenture establishes a Redemption Fund, and within the Redemption Fund a separate Optional Redemption Account and Special

Redemption Account. All amounts deposited in the Optional Redemption Account and in the Special Redemption Account shall be used and withdrawn by the Trustee solely for the purpose of redeeming Bonds, in the manner and upon the terms and conditions specified in Article V of the Indenture.

3.4.6 Insurance and Condemnation Proceeds Fund; Capital Maintenance and Operations Fund; Indemnification Fund. As and when needed, the Trustee shall establish, maintain and hold in trust separate funds designated as the "Insurance and Condemnation Proceeds Fund," the "Capital Maintenance and Operations Fund," and the "Indemnification Fund" and administer said funds as set forth in the Indenture and the Loan Agreement. Neither the Insurance and Condemnation Proceeds Fund nor the Capital Maintenance and Operations Fund are expected to be used to pay debt service on the Bonds or are pledged to the payment of the Bonds such that there is a reasonable assurance that amounts in such funds will be available to pay debt service on the Bonds if the Borrower experiences financial difficulties.

3.4.7 Bona Fide Debt Service Funds.

(a) **Revenues.** The Bonds are limited obligations of the Authority payable from Revenues. Revenues consist principally of amounts received by the Authority or the Trustee pursuant or with respect to the Loan Agreement and income derived from the investment of amounts held in the funds and accounts established pursuant to the Indenture (other than the Rebate Fund).

(b) **Interest Account and Principal Account.** The Trustee is directed to transfer to the Interest Account and the Principal Account such amounts as are required or permitted to be deposited therein and to apply such amounts as provided in the Indenture. Revenues are expected to equal or exceed debt service on the Bonds during each payment period.

(c) **Redemption Fund.** The Trustee is directed to deposit into the Redemption Fund, including the Optional Redemption Account and Special Redemption Account, such amounts as are required or permitted to be deposited therein pursuant to the Indenture. Such amounts shall be applied to the redemption price of the Bonds in accordance with Article V of the Indenture.

(d) **Bona Fide Debt Service Funds.** The Bona Fide Debt Service Funds and the portion of the general funds of the Borrower used to make payments under the Loan Agreement are used primarily to achieve a proper matching of revenues and debt service within each Bond Year. Such funds and accounts are depleted at least once each Bond Year except for a carryover amount not to exceed the greater of the prior Bond Year's earnings on such funds or accounts or one-twelfth of the prior Bond Year's debt service. Amounts contributed to such funds will be spent within thirteen months after the date of such contribution, and any investment earnings (net of losses) received from the investment or reinvestment of moneys held in such funds will be expended within one year after the date of accumulation thereof in such funds.

3.4.8 **Rebate Fund.** The Authority and the Borrower, by entering into this Tax Certificate, have established certain procedures designed to ensure compliance with certain arbitrage requirements relating to the Bonds. Among these requirements is a requirement that moneys be rebated to the United States Government. The Rebate Fund has been established to that end. Moneys in the Rebate Fund are neither pledged to nor expected to be used to pay debt service with respect to the Bonds.

3.4.9 **No Other Sinking or Pledge Fund.** Other than the Bona Fide Debt Service Funds and the Reserve Fund, there are no funds or accounts of any of the Borrower or any Person who is a Related Person to the Borrower or otherwise which are reasonably expected to be used to pay debt service with respect to the Bonds or which are pledged as collateral for the Bonds and for which there is a reasonable assurance that amounts therein or the investment income earned from such funds or accounts will be available to pay debt service with respect to the Bonds in the event that the Borrower encounters financial difficulties.

3.5 **Investment Restrictions.** The amounts derived from the sale of the Bonds and the amounts deposited in the funds or accounts described above shall be invested as follows:

3.5.1 **Costs of Issuance Fund.** Sale Proceeds of the Bonds deposited into the Costs of Issuance Fund may be invested at an unrestricted yield until expended but in no event for a period to exceed one (1) year from the Closing Date and, thereafter, at a yield not in excess of the yield on the Bonds. Investment earnings on amounts deposited into the Costs of Issuance Fund may be invested for a one (1) year period from the date of deposit and, thereafter, at a yield not in excess of the yield on the Bonds. All amounts in the Costs of Issuance Fund will be subject to the arbitrage rebate requirement of Section 148(f) of the Code.

3.5.2 **Project Fund.** Sale Proceeds deposited into the Project Fund may be invested at an unrestricted yield until October 4, 2015, but will, in all events, be subject to the arbitrage rebate requirements of Section 148(f) of the Code.

3.5.3 **Reserve Fund.** Sale Proceeds and other funds owned by the Borrower, or a related person thereof, deposited into the Reserve Fund that do not exceed the least of (i) 10% of the initial offering price to the public of the Bonds (as determined under the Code), (ii) maximum annual debt service on the Bonds, or (iii) 125% of average annual debt service on the Bonds qualify to be invested without regard to yield, but will, in all events, be subject to the arbitrage rebate requirements of Section 148(f) of the Code. Pursuant to Treasury Regulations Section 1.148-2(h), the Authority and the Borrower hereby elect to waive any right to invest amounts in the Reserve Fund at an unrestricted yield and therefore will be invested as set forth in Section 3.5.7 below.

3.5.4 **Bona Fide Debt Service Funds.** Amounts deposited into the Bona Fide Debt Service Funds as set forth in this Tax Certificate may be invested at an unrestricted yield for a period not exceeding thirteen months from the date of the first deposit of such amounts to the Bona Fide Debt Service Funds. Such amounts will be subject to the arbitrage rebate requirements of Section 148(f) of the Code. See Section 5.4.1.

3.5.6 Rebate Fund; Insurance and Condemnation Proceeds Fund; Capital Maintenance and Operations Fund; Indemnification Fund. The Rebate Fund, the Insurance and Condemnation Proceeds Fund, the Capital Maintenance and Operations Fund, and the Indemnification Fund may be invested without regard to yield and will not be subject to the arbitrage rebate requirements of Section 148(f) of the Code unless such funds are funded with Gross Proceeds of the Bonds.

3.5.7 Restricted Investments. Unless otherwise authorized by an Opinion of Counsel, any amounts which are required to be invested at a yield not in excess of the yield on the Bonds as provided in this Section shall be invested in either (i) assets that are not treated as Investment Property, (ii) in assets that satisfy the requirements for qualified yield reduction payments set forth in Treasury Regulations Section 1.148-5(c) or (iii) Investment Property with a yield not exceeding the yield on the Bonds.

3.6 No Replacement.

3.6.1 The Authority and the Borrower certify that no portion of the Proceeds of the Bonds will be used directly or indirectly to replace funds of the Authority or any of the Borrower or any persons who are Related Persons to either the Authority or the Borrower that are intended to be used for the purpose for which the Bonds are issued, and used directly or indirectly to acquire Investment Property reasonably expected to produce a yield higher than the yield on the Bonds.

3.6.2 No Other Replacement Proceeds. The Borrower certifies that the term of the Bonds is no longer than is reasonably necessary for the governmental purposes of the Bonds. The Borrower certifies that the weighted average maturity of the Bonds does not exceed 120% of the composite average reasonably expected economic life of the Tax-Exempt Facility.

3.7 No Abusive Arbitrage Device. The Bonds are not and will not be part of a transaction or series of transactions that (i) attempts to circumvent the provisions of Section 148 of the Code (or any successor thereto) and related regulations, enabling the Authority, the Borrower, or any persons who are Related Persons to either the Authority or the Borrower to exploit the difference between tax-exempt and taxable interest rates to gain a material financial advantage, and (ii) increases the burden on the market for tax-exempt obligations in any manner, including, without limitation, selling bonds that would not otherwise be sold, or selling more bonds, or issuing them sooner, or allowing them to remain outstanding longer, than would otherwise be necessary.

3.8 Acquisition of Acquired Program Obligations. The Proceeds from the sale of the Bonds will be used in accordance with the Authority's program to assist participating educational institutions to obtain tax-exempt financing for their respective projects (the "Program"). The Authority certifies that the Program complies with the provisions of Section 1.148-1(b) of the Treasury Regulations in that:

3.8.1 the Program involves the acquisition of acquired program obligations;

3.8.2 at least 95% of all acquired program obligations, by amount of cost outstanding, are evidences of loans to an organization described in Section 501(c)(3) of the Code and exempt from tax under Section 501(a) of the Code;

3.8.3 at least 95% of all of the amounts received by the Authority with respect to acquired program obligations shall be used for one or more of the following purposes: to pay the principal of or interest on or otherwise service the debt on the Authority's bonds and notes related to the Program; to reimburse the Authority, or to pay, for administrative costs of issuing such obligations; to reimburse the Authority, or to pay, for administrative and other costs and anticipated future losses directly related to the Program; to make additional loans for the same general purposes specified in the Program; or to redeem or retire such bonds and notes of the Authority at the next earliest possible date of redemption; and

3.8.4 pursuant to this Section, any person or any person who is a Related Person to the Authority from whom the Authority may, under the Program, acquire acquired program obligations, shall not, pursuant to an arrangement (either formal or informal), purchase the Authority's bonds or notes in an amount related to the amount of the acquired program obligations from such person by the Authority.

IV.

Yield and Yield Restriction

4.1 **Yield.** For purposes of this Tax Certificate, yield is calculated as set forth in Section 148(b) of the Code and Treasury Regulations Sections 1.148-4 and 1.148-5. Thus, yield on the Bonds or yield on Investment Property generally means that discount rate which when used in computing the present value of all unconditionally payable payments representing principal, interest, and, with the respect to the yield of the Bonds, the cost of qualified guarantees paid and to be paid with respect to the Bonds, produces an amount equal to the issue price of the Bonds or the purchase price of the Investment Property, as appropriate. The issue price of the Bonds is $27,500,000 which represents the price at which the Bonds are being sold to the ultimate purchasers thereof, as represented by the Underwriter in Exhibit A. For purposes hereof, yield shall be calculated on a 360-day year basis with interest compounded semiannually. The yield on the Bonds has been calculated to be at least 6.9757%.

4.2 **No Hedges.** Neither the Authority nor the Borrower has entered into or expects to enter into any contract, such as an interest rate swap, to modify the Borrower's risk in respect of interest rate changes such that failure to take such contract into account would distort the yield on the Bonds.

4.3 **Yield on Acquired Program Obligations.** Payments of principal and interest by the Borrower to the Authority under the Loan Agreement will be made in the same amounts as the principal and interest coming due on the Bonds and will be held by the Trustee for the account of the Borrower until applied to payments with respect to the Bonds. The Borrower also is required to pay or reimburse the Authority for certain administrative expenses, including the costs of issuing the Bonds and the fees and expenses of the Trustee and any paying agents, but excluding general expenses or administrative overhead of the Authority. The present value of these payments to the Authority will not exceed the present value of the administrative costs paid by the Authority. The yield on the Loan Agreement is not expected to be greater than one and one-half percentage points more than the yield on the Bonds.

V.

Rebate

5.1 **Undertakings.** The Authority and the Borrower have covenanted to comply with certain requirements of the Code relating to the Rebate Requirement as discussed in this Article V and relating to private use and/or unrelated trade or business use and the Authority intends to comply with these requirements through the obligation and undertaking by the Borrower to comply with these requirements (including, in necessary, the retention of a qualified rebate analyst and a post-issuance compliance expert), which the Borrower hereby acknowledges. The Authority and the Borrower acknowledge that the United States Department of the Treasury has issued regulations with respect to certain of these undertakings, including the proper method for computing whether any rebate amount is due the federal government under Section 148(f) of the Code. The Authority and the Borrower covenant that they will undertake to determine precisely what is required with respect to the rebate provisions contained in Section 148(f) of the Code and said regulations from time to time and will comply with any requirements that may be applicable to the Bonds. Except to the extent inconsistent with any requirements of the Code or the regulations or future regulations, the Authority and the Borrower will undertake the methodology described in this Tax Certificate. The Authority hereby delegates to the Borrower and the Borrower hereby undertakes substantially all of the duties required to comply with this Part V.

5.2 **Rebate Fund.** A special fund designated the "Rebate Fund" has been established pursuant to the Indenture. The Authority and the Borrower have agreed to keep the Rebate Fund separate and apart from all other funds and moneys held by any of the Authority, the Borrower and the Trustee.

5.3 **Recordkeeping.** The Authority and the Borrower shall maintain or cause to be maintained detailed records with respect to each Nonpurpose Investment attributable to Gross Proceeds of the Bonds, including: (a) purchase date; (b) purchase price; (c) information establishing fair market value on the date such investment became a Nonpurpose Investment; (d) any accrued interest paid; (e) face amount; (f) coupon rate; (g) periodicity of interest payments; (h) disposition price; (i) any accrued interest received; and (j) disposition date. Such detailed recordkeeping is required to facilitate the calculation of the Rebate Requirement.

5.4 **Exceptions to the Rebate Requirement.**

5.4.1 **Bona Fide Debt Service Funds.** The Rebate Requirement will not apply to Gross Proceeds held in the Bona Fide Debt Service Funds to the extent that amounts in such funds qualify for investment without regard to yield, as described in Section 3.5.4 hereof.

5.4.2 **Six-Month Expenditure Exception.** Except for Gross Proceeds deposited in the Bona Fide Debt Service Funds and the Reserve Fund, if on or before the date six months after the Closing Date at least 95% of the Expenditure Exception Gross Proceeds are expended and any remaining Expenditure Gross Proceeds are spent on or before the date twelve months after the Closing Date, the Rebate Requirement shall be treated as having been satisfied with respect to such Expenditure Exception Gross Proceeds.

5.5 Rebate Requirement Calculation and Payment.

5.5.1 The Borrower will prepare or cause to be prepared an annual calculation of the Rebate Requirement with respect to the Bonds consistent with the rules described in this Section 5.5 and deliver a copy thereof to the Authority. Such calculations shall be prepared or reviewed by nationally recognized bond counsel or a nationally recognized firm of certified public accountants expert in the calculation of rebate. (The interim calculations not falling at the close of the periods referred to in Section 5.5.3 below may be made as of the close of the Bond Years involved or as of other dates more convenient to the Borrower and such dates shall be treated as the close of Bond Years for purposes of this Section 5.5.) The Borrower will complete the annual calculation of the Rebate Requirement within 55 days after the close of each Bond Year and within 55 days after the first date on which there are no outstanding Bonds. Concurrent with the preparation of such calculation, the Borrower shall deposit in the Rebate Fund an amount which when added to amounts already on deposit therein will equal the Rebate Requirement or, if appropriate, decrease the sum held in the Rebate Fund to the Rebate Requirement.

5.5.2 For purposes of calculating the Rebate Requirement (i) the aggregate amount earned with respect to a Nonpurpose Investment shall be determined by assuming that the Nonpurpose Investment was acquired for an amount equal to its fair market value (determined as provided in Section 1.148-5(d)(6) of the Treasury Regulations as applicable) at the time it becomes a Nonpurpose Investment, and (ii) the aggregate amount earned with respect to any Nonpurpose Investment shall include any unrealized gain or loss with respect to the Nonpurpose Investment (based on the assumed purchase price at fair market value and adjusted to take into account amounts received with respect to the Nonpurpose Investment and earned original issue discount or premium) on the first date when there are no outstanding Bonds or when the investment ceases to be a Nonpurpose Investment. Any amounts held in the Bona Fide Debt Service Funds shall be excluded from the Rebate Calculation.

5.5.3 The Borrower shall pay to the United States Department of the Treasury from the Rebate Fund, not later than 60 days after the end of the fifth Bond Year and each succeeding fifth Bond Year, an amount equal to 90%, and not later than 60 days after the first date when there are no outstanding Bonds, an amount equal to 100% of the Rebate Requirement (determined as of the first date when there are no outstanding Bonds) plus any actual or imputed earnings on such Rebate Requirement, all as set forth in Section 1.148-3 of the Treasury Regulations.

5.5.4 Each payment required to be made pursuant hereto shall be filed with the Internal Revenue Service Center, Ogden, Utah (or in such other location as shall be specified in the Treasury Regulations from time to time), on or before the date such payment is due, and shall be accompanied by Form 8038-T. The Borrower shall deliver a copy of each Form 8038-T to the Authority. The Authority and the Borrower shall retain records of the calculations required by this Section 5.5 until 6 years after the retirement of the last of the Bonds.

5.6 Investments and Dispositions.

5.6.1 General Rule. No Investment Property may be acquired with Gross Proceeds for an amount (including transaction costs, except as otherwise provided in Section 1.148-5(e) of the Treasury Regulations) in excess of the fair market value of such Investment Property. No Investment Property may be sold or otherwise disposed of for an amount (including transaction costs, except as otherwise provided in Section 1.148-5(e) of the Treasury Regulations) less than the fair market value of the Investment Property.

5.6.2 Fair Market Value. In general, the fair market value of any Investment Property is the price a willing buyer would pay to a willing seller to acquire the Investment Property, with no amount paid artificially to reduce or increase the yield on such Investment Property. This Section 5.6 describes various safe harbors for determining fair market value. With an Opinion of Counsel, other methods may be used to establish fair market value, provided, however, that such methods comply with the requirements of Section 1.148-5(d)(6) of the Treasury Regulations.

5.6.3 Arm's-length Purchases and Sales. If Investment Property is acquired pursuant to an arm's-length transaction without regard to any amount paid to reduce the yield on the Investment Property, the fair market value of the Investment Property shall be the amount paid for the Investment Property (without increase for transaction costs, except as otherwise provided in Section 1.148-5(e) of the Treasury Regulations). If Investment Property is sold or otherwise disposed of in an arm's-length transaction without regard to any reduction in the disposition price to reduce the Rebate Requirement, the fair market value of the Investment Property shall be the amount realized from the sale or other disposition of the Investment Property (without reduction for transaction costs, except as otherwise provided in Section 1.148-5(e) of the Treasury Regulations).

5.6.4 SLGS. If a United States Treasury obligation is acquired directly from or disposed of directly to the United States Department of the Treasury (as in the case of the United States Treasury Securities - State and Local Government Series), such acquisition or disposition shall be treated as establishing a market for the obligation and as establishing the fair market value of the obligation.

5.6.5 Investment Contracts. The purchase price of any Investment Property acquired pursuant to an investment contract (within the meaning of Section 1.148-1(b) of the Treasury Regulations) shall be determined as provided in Section 1.148-5 of the Treasury Regulations. No investment contract shall be acquired with Gross Proceeds unless the requirements of Section 1.148-5 of the Treasury Regulations are satisfied. With respect to any investment contract, the Authority will obtain from any provider of the investment contract, broker thereof or other party, such information, certification or representation as will enable the Authority to determine that these requirements are satisfied.

General Rule. Pursuant to Section 1.148-5 of the Treasury Regulations, the purchase price of an investment contract will be considered to be fair market value if:

(1) the Authority makes (or has made on its behalf) a bona fide written solicitation for the investment contract, timely forwarded to potential providers. The solicitation specifies all the material terms of the investment contract (i.e., all the terms that could directly or indirectly affect the yield or the cost of the investment). The solicitation has a legitimate business purpose (i.e., a purpose other than to increase the purchase price or reduce the yield) for every term of the bid specification. The terms of the solicitation take into account the reasonably expected deposit and drawdown schedule for the amounts to be received;

(2) all bidders have an equal opportunity to bid so that, for example, no bidder is given the opportunity to review other bids (a last look) before bidding;

(3) the Authority solicits bids from at least three (3) investment contract providers with established industry reputations as competitive providers of investment contracts;

(4) the Authority includes in the bid specifications a statement to potential bidders that by submitting a bid, the provider is making certain representations that the bid is bona fide, and specifically that 1) the bidder did not consult with any other potential provider about its bid, 2) the bid was determined without regard to any other formal or informal agreement that the potential provider had with the Authority or any other person, and 3) the bid was not submitted solely as a courtesy to the Authority or any other person for purposes of satisfying the requirements of Section 1.148-5 of the Treasury Regulations;

(5) the Authority receives at least three (3) bids from providers that do not have a material financial interest in the issue (the following investment contract providers are considered to have a material financial interest in the issue: 1) a lead underwriter in a negotiated underwriting, but only until 15 days after the issue date of the issue, 2) an entity acting as a financial advisor with respect to the purchase of the investment contract at the time the bid specifications were forwarded to potential providers; and 3) any related party to a provider that is disqualified for one of the two preceding reasons);

(6) at least one (1) of the bids received by the Authority that meets the requirements of the preceding paragraph is from an investment contract provider with an established industry reputation as a competitive provider of investment contracts;

(7) if an agent for the Authority conducts the bidding process, the agent does not bid;

(8) the winning bid is the highest yielding bona fide bid (determined net of any broker's fees); and

(9) the provider of the investment contract certifies as to all administrative costs to be paid on behalf of the Authority, including any fees paid as broker commissions in connection with the investment contract.

5.6.6 **Deemed Acquisition or Sale.** The fair market value of any Investment Property not directly purchased with Gross Proceeds for which there is an established securities market generally is the price at which a willing buyer would purchase Investment Property from a willing seller in a bona fide, arm's length transaction.

5.6.7 **Certificates of Deposit.** The purchase price of a certificate of deposit issued by a commercial bank that has a fixed interest rate, a fixed principal payment schedule, a fixed maturity and a substantial penalty for early withdrawal, will be considered to be fair market value if:

(1) the yield on the certificate of deposit is not less than the yield on reasonably comparable direct obligations of the United States; and

(2) the yield on the certificate of deposit is not less than the highest published yield of the provider thereof which is currently available on comparable certificates of deposit offered to the public.

5.6.8 **Broker Compensation.** For purposes of computing the Yield on any investment contract acquired through a broker, reasonable compensation received by such broker, whether payable by or on behalf of the obligor or obligee of such investment contract, may be taken into account in determining the cost of the investment contract (as provided in Section 1.148 5(e)(2)(iii) of the Treasury Regulations). Compensation is deemed reasonable if it does not exceed the lesser of (i) $37,000 or (ii) 0.2% of the amount reasonably expected, as of the date of acquisition of the investment contract, to be invested under the investment contract over its term, or $4,000 (if 0.2% of such amount reasonably expected to be invested under the investment contract over its term is less than $4,000). In addition, the total fees received by the broker with respect to the investment of any proceeds of the Bonds that are taken into account with respect to all investment contracts, at any time, may not exceed $103,000. All amounts referenced are to be adjusted for inflation after the Closing Date.

5.7 **Segregation of Proceeds.** In order to perform the calculations required by the Code, it is necessary to track separately all of the Gross Proceeds. To that end, the Authority and the Borrower shall cause to be established separate subaccounts or shall cause the Trustee to take such other accounting measures as are necessary in order to account fully for all Gross Proceeds.

5.8 Filing Requirements. The Authority and the Borrower will file or cause to be filed such reports or other documents with the Internal Revenue Service as are required by the Code.

5.9 Retention of Firm to Provide Rebate Calculations. The Borrower hereby undertakes to satisfy the obligation delegated to them by the Authority to perform the rebate calculations that may be required to be made from time to time with respect to the Bonds in the manner set forth in Exhibit E hereto.

VI.

Other Matters

6.1 Authorized Execution. The undersigned are authorized representatives of the Authority and the Borrower, respectively, and are acting for and on behalf of the Authority and the Borrower, respectively, in executing this Tax Certificate. To the best of the knowledge and belief of the undersigned, there are no other facts, estimates or circumstances that would materially change the expectations as set forth herein, and said expectations are reasonable.

6.1.1 Survival of Defeasance. Notwithstanding any provisions in this Tax Certificate or the Indenture to the contrary, the obligation to remit the Rebate Requirement, if any, to the United States Department of the Treasury and to comply with all other requirements contained in this Tax Certificate shall survive the defeasance of the Bonds.

6.2 Notwithstanding any provision of this Tax Certificate, the Authority and the Borrower may amend this Tax Certificate and thereby alter any actions allowed or required by this Tax Certificate if such amendment is based on an Opinion of Counsel.

Dated as of the date first written above.

CALIFORNIA SCHOOL FINANCE AUTHORITY

By:________________________________

Authorized Signatory

[Signature page – Tax Certificate]

TRI-VALLEY LEARNING CORPORATION, a California nonprofit public-benefit corporation, as Borrower

By: ______________________________
Name: Bill Batchelor
Title: Chief Operating Officer

[Signature page – Tax Certificate]

APPENDIX D:

Tax Certificate and Agreement among California Statewide Communities Development Authority, Independence Support, LLC, Livermore Charter Zone Corporation, Tri-Valley Learning Corporation and California Preparatory Academics,
dated May 8, 2015,
relating to Series 2015 Bonds
(including Exhibits F and G thereto)

TAX CERTIFICATE AND AGREEMENT

Among

CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY,

INDEPENDENCE SUPPORT, LLC,

LIVERMORE CHARTER ZONE CORPORATION,

TRI-VALLEY LEARNING CORPORATION

and

CALIFORNIA PREPARATORY ACADEMIES

Dated as of May 8, 2015

Relating to

$25,540,000
California Statewide Communities Development Authority
Educational Facilities Revenue Bonds
(Independence Support, LLC Project)
Series 2015

TAX CERTIFICATE AND AGREEMENT

The California Statewide Communities Development Authority (the "***Authority***"), Independence Support, LLC (the "***Borrower***"), Livermore Charter Zone Corporation (the "***Sole Member***"), Tri-Valley Learning Corporation ("***TVLC***"), and California Preparatory Academies ("***CPA***" and, together with TVLC, the "***Schools***") hereby enter into this Tax Certificate and Agreement (together with the Exhibits attached hereto, the "***Tax Certificate and Agreement***") in connection with the issuance by the Authority of its Educational Facilities Revenue Bonds (Independence Support, LLC Project), Series 2015, in the initial aggregate principal amount of $25,540,000 (the "***Bonds***"). The representations of facts and circumstances and covenants of the Authority made herein are in furtherance of the covenants of the Authority set forth in the Indenture, dated as of April 1, 2015 (the "***Indenture***"), by and between the Authority and U.S. Bank National Association, as trustee (the "***Trustee***"), and are in part made pursuant to Treasury Regulations Section 1.148-2(b)(2)(i). The representations of facts and circumstances and covenants of the Borrower, the Sole Member, and the Schools (together, the "***School Group***") are in furtherance of the covenants of the Borrower set forth in the Loan Agreement, dated as of April 1, 2015 (the "***Loan Agreement***"), between the Authority and Borrower. The Sole Member is making its representations and covenants on its own behalf and on behalf of the Borrower, a limited liability company of which it is the sole member. Each School is making its respective representations and covenants as a lessee and sublessee under the Lease (as hereinafter defined) and user of the Project Facilities (as hereinafter defined). Capitalized terms not defined herein shall have the respective meanings set forth in the Loan Agreement unless the context requires otherwise.

I. *In General*

1.1 Purpose of Tax Certificate and Agreement. The Authority, the Borrower, the Sole Member and the Schools are delivering this Tax Certificate and Agreement to Orrick, Herrington & Sutcliffe LLP ("***Bond Counsel***"), with the understanding and acknowledgment that Bond Counsel will rely upon this Tax Certificate and Agreement in rendering its opinion that interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "***Code***").

1.2 Delivery of the Bonds. The Authority is delivering the Bonds to Oppenheimer & Co. Inc. (the "Underwriter") on the date hereof in exchange for good funds.

1.3 Reliance. The expectations of the Authority and the Borrower concerning certain uses of the proceeds of the Bonds and the use and operation of the Project and other matters are based in whole or in part upon representations and certifications of other parties set forth in this Tax Certificate and Agreement; provided, however, the Authority, in making the representations and certifications herein, is relying and has relied exclusively on the representations and certifications of the School Group contained herein, except as specifically set forth in Sections 1.4, 2.10, 2.13, 2.15, 2.16 and 4.2. None of the Authority or any of the School Group is aware of any facts or circumstances that would cause it to question the accuracy or reasonableness of any representation or certification made in this Tax Certificate and Agreement.

1.4 Authorization; Status of Authority. The Authority is a constituted authority and is executing and delivering the Bonds on behalf of one or more Political Subdivisions. The Authority hereby certifies, represents, covenants and warrants that (i) the Authority has been created pursuant to the laws of the State of California; (ii) the Authority was created for a public purpose; (iii) the Authority is governed by a body ultimately controlled by one or more Political Subdivisions; (iv) the Authority is authorized to issue obligations, such as the Bonds, for the purposes for which the Authority was created; (v) the earnings of the Authority will not and cannot inure to the benefit of any private person; and (vi) upon dissolution of the Authority, title to all of the Authority's assets will revert to one or more Political Subdivisions of the State of California.

1.5 Purpose for Bonds; Plan of Financing. The Bonds are being issued for the purpose of providing funds which, together with other funds, will be used to: (a) acquire all of the real property improvements located on a 5.56-acre site in Livermore, California called Independence Plaza (the "***Project Site***"), including a 79,270 square-foot, two-story office building that was constructed in 2002 (the "***Facilities***"), and pay costs incurred in connection with such acquisition; (b) furnish improvements to the Facilities; (iii) make the required deposit to the Reserve Account; and (iv) pay certain costs of issuance (together, the "***Project***"). The Project Site and the Facilities are referred to herein in the aggregate as the "***Project Facilities***." Attached hereto as Exhibit C is a detailed breakdown of the expected allocation of Proceeds of the Bonds to the Project Facilities.

The acquisition and development of the Project Facilities is pursuant to a detailed plan of financing that involved many parties actively participating over a long time period. CPA and Independence Support Corporation ("***ISC***") will shortly apply to the Internal Revenue Service for status as organizations described in Section 501(c)(3) of the Code. ISC is not presently involved in the transaction, and CPA's use of the Project initially is restricted. Upon receiving such status, it is intended that the sole membership interest in the Borrower will be transferred to ISC for no consideration, and the limitations described herein on the amount of CPA's use will be removed. Those changes will all occur only upon receipt of certain opinions from counsel to such entities.

Prior to the date hereof, the Project Site and the Facilities were owned by 3090, LLC, an affiliate of Balch Enterprises. Independence Oaks, LP has been under contract to acquire the Project Site and the Facilities since October 8, 2013, for the purpose of transferring the property at some point to TVLC. Over that time, Independence Oaks, LP has invested its own funds and time with a fair market value as of the date hereof of at least $3,022,503.06 to develop the overall project for use as a school, including dealing with land use and permitting issues and providing other real estate development, brokerage and structuring services. Independence Oaks, LP will assign to Goldstone United Investments, LLC its right to acquire the Project Site and the Facilities from 3090, LLC for $3,022,503.06. Goldstone United Investments, LLC will then acquire the Project Site and the Facilities directly from 3090, LLC for $12,019,015.65 (which equals the contract sale price of $13,225,000.00 less credits of $1,170,000.00 for certain payments already by Goldstone United Investments, LLC and CPA to 3090 LLC) and less credits of $35,984.35 for existing tenant deposits. Goldstone United Investments, LLC has already paid to 3090, LLC, through Independence Oaks, LP, a total of $2,200,000 for sale contract extensions (including a portion of the aforementioned credit of $1,170,000.00), which amount is capitalized to the acquisition cost for a total acquisition price of $17,241,518.71. Additionally, CPA has already paid to 3090, LLC, through Independence Oaks, LP, a total of $274,400.00 for sale contract extensions (all of which is included in the aforementioned credit of $1,170,000.00), which amount will be reimbursed to CPA by the Borrower and is not included in the aforementioned acquisition price. Based in part upon an appraisal, the Project Site value is $2,200,000. The purchase price for the Project Site and the Facilities is not more than fair market value. 3090, LLC, Independence Oaks, LP and Goldstone United Investments, LLC are entirely independent and unrelated. The sale price to Goldstone United Investments, LLC will not be more than the appraised value. See Exhibits F and G for certifications of Independence Oaks, LP and Goldstone United Investments, LLC, respectively, relating to the real estate values and relationships.

Goldstone United Investments, LLC is entering into the Ground Lease, dated as of May 1, 2015 (the "***Ground Lease***"), a ground lease with the Borrower and is selling the Facilities to the Borrower for $15,041,518.71 (the aggregate purchase price paid by Goldstone United Investments, LLC, less the value of the Project Site). The Ground Lease will be rent free (i.e., a donation from Goldstone United Investments, LLC to the Borrower). The Ground Lease will have an initial term of 50 years and an extension term, at the option of the Borrower, for an additional 6 years also with no rent obligation. The Borrower will enter into a joint and several lease agreement with TVLC and CPA. The lease will be an operating lease to TVLC. CPA will prepay rent in the amount of $1,492,779.62 (by way of a cash payment of $1,300,000.00 and a contribution of Project assets of $192,779.62), which is rent relating to approximately 6.4% of the facilities as finally improved. The Borrower will use the rent prepayment from CPA along with proceeds of the Bonds to acquire the Facilities. The Facilities do not include the portion of the acquisition price paid with the prepayment amount. CPA will not be directly or indirectly reimbursed from proceeds of the Bonds or any other source for the rent prepayment amount. CPA obtained the prepayment amount through a donation, and CPA has no debt obligations outstanding. TVLC will be obligated to pay the remaining periodic rent, but that rental obligation will be offset by actual periodic payments from CPA based on CPA's actual use of the project. Unless and until CPA and ISC get exempt status and ISC becomes the sole member of the Borrower, CPA will not be able to use more than 2.5% of the Project (in addition to the approximately 6.4% facilities allocable to CPA's rent prepayment).

1.6 Definitions. Unless the context otherwise requires, the following capitalized terms have the following meanings for purposes of this Tax Certificate and Agreement:

Bona Fide Debt Service Funds means, to the extent the requirements of Section 3.4.4 hereof are satisfied, the Revenue Fund (including the Interest Account and the Principal Account), the Redemption Fund (including the Optional Redemption Account and the Special Redemption Account) and the Gross Revenue Fund (to the extent used to make transfers to the Revenue Fund).

Bond Year means the period beginning on the Closing Date and ending on the first anniversary of the Closing Date (unless the Borrower selects an earlier date) and each succeeding one-year period (with the last Bond Year ending on the first date that none of the Bonds remain outstanding for federal tax purposes). The Borrower may (prior to the fifth anniversary of the

Closing Date) select any date prior to the first anniversary of the Closing Date in lieu of the first anniversary of the Closing Date as the end of each Bond Year.

Closing Date means May 8, 2015, the date of issuance and delivery of the Bonds.

Expenditure Exception Gross Proceeds means the Gross Proceeds properly allocable to the Bonds, including pro rata amounts of the costs of issuance, except for amounts (i) held in the Bona Fide Debt Service Funds, (ii) that, as of the Closing Date, are not reasonably expected to become Gross Proceeds but that become Gross Proceeds after the date six months after the Closing Date (in the case of the Six-Month Expenditure Exception; see Section 5.3.2 hereof) or eighteen months after the Closing Date (in the case of the Eighteen-Month Expenditure Exception; see Section 5.3.3 hereof); (iii) representing Sale Proceeds or Investment Proceeds derived from payments under the Loan Agreement; or (iv) representing repayments of grants (as defined in Treasury Regulations Section 1.148-6(d)(4)) financed by the Bonds.

Gross Proceeds has the meaning used in Treasury Regulations Section 1.148-1(b), and generally means all proceeds derived from or relating to the Bonds, including Investment Proceeds, amounts pledged to pay debt service on the Bonds, and amounts expected to be used to pay debt service on the Bonds.

Investment Proceeds means investment earnings on (i) the investment of Sale Proceeds and (ii) the reinvestment of Investment Proceeds.

Investment Property means any security or obligation (other than a Tax-Exempt Obligation), any annuity contract or any other investment-type property.

Minor Portion means any amount of Gross Proceeds not greater than $100,000 invested at an unrestricted yield pursuant to Code Section 148(e).

Net Sale Proceeds means the amount of Sale Proceeds less the portion of the Sale Proceeds deposited to the Reserve Account or invested as the Minor Portion.

Nonpurpose Investment means any Investment Property in which Gross Proceeds are invested other than the Loan Agreement.

Opinion of Counsel means an opinion of counsel nationally recognized in the area of municipal finance to the effect that an action or inaction will not result in the inclusion of interest on the Bonds in gross income for purposes of federal income taxation.

Preliminary Expenditures means architectural, engineering, surveying, soil testing, costs of issuing the Bonds, and similar costs paid with respect to the Project in an aggregate amount not exceeding $4,966,499.29 (i.e., no more than 20% of the issue price of the Bonds). Preliminary Expenditures do not include land acquisition, site preparation or similar costs incident to the commencement of construction.

Private Use has the meaning given thereto in Section 2.4 below.

Rebate Requirement means the amount of rebatable arbitrage earned with respect to Gross Proceeds which do not qualify for an exception from the requirements of Section 148(f)(2) of the Code as described in Section 5.3 of this Tax Certificate and Agreement, computed as of the last day of any Bond Year pursuant to Section 1.148-3 of the Treasury Regulations.

Related Person means:

(i) Any organization having common management and control with an organization described in Section 501(c)(3) of the Code. This would include any other 501(c)(3) organization if both organizations have (a) significant common purposes and substantial common membership, or (b) directly or indirectly, substantial common direction.

(ii) In the case of a corporation, other than a 501(c)(3) organization, (A) an individual who owns directly or indirectly more than 50% in value of the outstanding stock of the corporation; (B) a partnership, if any partner owns both more than 50% in value of the outstanding stock of the corporation and more than 50% of the capital or profits interest in the partnership; (C) another corporation, if that corporation owns more than 50% of the voting power or value of the corporation; (D) another corporation, if more than 50% of the voting power or value of its stock is owned by the corporation; (E) another corporation, if five or fewer individuals own stock possessing more than 50% of the voting power or value of both that corporation and the corporation; (F) an S corporation, if the same individual owns more than 50% in value of both the S corporation and the corporation; or (G) a trust or its grantor, either of which owns more than 50% in value of the outstanding stock of the corporation.

(iii) In the case of a partnership, (A) a partner that owns directly or indirectly more than 50% of the capital interest or the profits interest in such partnership; (B) another partnership, if the same person or persons own directly or indirectly more than 50% of the capital interest or the profits interest in both that partnership and the partnership; or (C) an S corporation, if the same person or persons own more than 50% of the capital interest or the profits interest in the partnership.

(iv) In the case of an individual, (A) members of the individual's family (including the individual's spouse, brothers, sisters, ancestors and lineal descendants); (B) a corporation more than 50% in value of the outstanding stock of which is owned directly or indirectly by or for such individual; (C) a partnership, if the individual owns directly or indirectly more than 50% of the capital interest or the profits interest in such partnership; or (D) a trust as to which the individual is either grantor or beneficiary, or which has the same grantor as a trust to which the individual is beneficiary.

Sale Proceeds means the amount received from the sale of the Bonds ($24,832,496.45) being the par amount of the Bonds ($25,540,000) less original issue discount on the Bonds ($707,503.55).

Tax-Exempt Obligation means any obligation the interest on which is excludable from gross income under Section 103(a) of the Code, any interest in a regulated investment company the income of which is at least 95% excludable to the holder under Section 103(a) of the Code, and any certificate of indebtedness issued by the United States Treasury pursuant to the Demand

Deposit State and Local Government Series program, but does not include any interest in a "specified private activity bond" within the meaning of Section 57(a)(5)(C) of the Code.

Three-Year Temporary Period means, as set forth in Treasury Regulations Section 1.148-2(e)(2), the three-year temporary period exception to the yield restriction requirement of Code Section 148(a), which exception applies to the Bonds only to the extent that the Borrower reasonably expects that (i) 85% of the Net Sale Proceeds is to be allocated to expenditures on capital projects by the end of the three-year period following the issue date; (ii) the Borrower will within six months of the issue date incur a substantial binding obligation to a third party to expend at least 5% of the Net Sale Proceeds on capital projects; and (iii) the allocation of the Net Sale Proceeds to expenditures will proceed with due diligence.

1.7 Separate Issue/Single Issue. The Bonds are the only obligations of the Borrower or any other member of the School Group that were sold within the 31-day period beginning 15 days before May 5, 2015 (the "***Sale Date***") pursuant to the same plan of financing as the Bonds and that are reasonably expected to be paid from substantially the same source of funds as the Bonds. All of the Bonds were sold on the Sale Date pursuant to the same plan of financing and is reasonably expected to be paid from substantially the same source of funds.

II. *General Tax Matters*

2.1 Private Activity Bonds. All of the proceeds of the Bonds will be used by the members of the School Group, none of which is a state or a political subdivision of a state.

2.2 Tax Exempt Status – Sole Member and Schools. Each of the Sole Member and TVLC is an organization described in Section 501(c)(3) of the Code and is exempt from federal income tax under Section 501(a) of the Code or corresponding provisions of prior law. Further, each of the Sole Member and TVLC has been recognized by the Internal Revenue Service as an organization described in Section 501(c)(3) of the Code and such recognition has not been modified, limited or revoked. Each of the Sole Member and TVLC is in compliance with the terms, conditions, and limitations, if any, of its status as a Section 501(c)(3) organization, and the facts and circumstances that form the basis of the Internal Revenue Service's recognition of its status as a Section 501(c)(3) organization continue substantially to exist and no other material facts or circumstances have arisen which could adversely affect such status. The Borrower is a single member limited liability company the sole member of which is the Sole Member. The Borrower is treated as a disregarded entity for federal tax purposes pursuant to Section 301.7701-3 of the Treasury Regulations unless the Sole Member makes an election to cause the Borrower to be treated as a corporation. The Sole Member covenants and represents that it has not, and will not for so long as the Bonds are outstanding, make an election to cause the Sole Member to be treated as other than a disregarded entity for federal tax purposes. As a disregarded entity, all assets, liabilities, revenue, expense and activities of the Borrower shall be treated as assets, liabilities, revenue, expense and activities of the Sole Member for federal tax purposes, including for purposes of Section 501(c)(3) of the Code (and therefore for purposes of Schedule K reporting). CPA is organized as a California nonprofit public benefit corporation and is in the process of seeking recognition from the Internal Revenue Service of its status as an organization described in Section 501(c)(3) of the Code. Each of the Sole Member, TVLC, and CPA (assuming 501(c)(3) status is granted) at all times shall, until the Bonds has been paid or redeemed, maintain its status as an organization described in Section 501(c)(3) of the Code and its exemption from federal income tax under Section 501(a) of the Code or corresponding provisions of future federal income tax laws. No proceedings are pending or threatened in any way affecting the status of any of the Sole Member, TVLC or CPA (assuming 501(c)(3) status is granted) as an organization described in Section 501(c)(3) of the Code, or which would subject any income of such respective entity to federal income taxation to such extent as would result in the loss of its tax-exempt status under Section 501(a) of the Code or the loss of the exclusion from gross income of interest payable with respect to the Bonds for federal income tax purposes under Section 103 of the Code. None of the Sole Member, TVLC, or CPA is under examination or audit by the Internal Revenue Service, nor has any such entity received notice, oral or written, from the Internal Revenue Service of a proposed examination or audit thereby, with respect to any fiscal year of such entity.

2.3 Ownership. The only property which will be financed with the proceeds of the Bonds is the educational facilities composing the Project Facilities. The Project Site will be leased to and the Facilities will be acquired by the Borrower from Goldstone United Investments, LLC, a California limited liability company (the "***Land Owner***"). The Facilities will be purchased by the Borrower from the Land Owner and the Project Site will be leased to the Borrower free of rent for an approximate 50-year term, plus a six-year extension term at the option of the Borrower, from the Land Owner pursuant to the Ground Lease. The useful life of the Project Facilities have been determined to be substantially shorter than the term of the Ground Lease. The Borrower will lease the Facilities and sublease the Project Site to TVLC and CPA pursuant to a Lease Agreement, dated as of May 1, 2015 (the "***Lease***"), by and between the Borrower and the Schools. The Borrower owns the Project Facilities for federal tax purposes. No portion of the Project Facilities is expected to be sold or otherwise disposed of, in whole or in part, except due to normal wear, tear, and obsolescence, before payment in full of the Bonds. As noted above, it is anticipated that the sole membership interest in the Borrower will be transferred to ISC such that ISC will become the owner of the Project Facilities for federal income tax purposes. Such transfer will not occur until (i) ISC obtains a favorable determination letter as to its 501(c)(3) status from the Internal Revenue Service, (ii) counsel to ISC delivers an opinion that ISC is an organization described in Section 501(c)(3) of the Code and that ISC activities relating to the Project are not unrelated trade or business activities under Section 513(a) of the Code, and (iii) such transfer is approved by an Opinion of Counsel.

2.4 Qualified 501(c)(3) Bonds. (a) At least 95% of the Net Proceeds of the Bonds, including investment earnings thereon, will be used to provide for activities directly related to the exempt purposes of the School Group. For this purpose, Net Proceeds of the Bonds used to pay costs of issuance are not treated as used for the exempt purposes, of the School Group.

(b) The School Group does not expect to and shall not perform any act, enter into any agreement, or use or permit more than 5% of the Net Proceeds of the Bonds or more than 3% of the Project to be used in any manner by an entity other than a state or local government or another 501(c)(3) organization (but only to the extent such 501(c)(3) organization is using the Project exclusively in activities directly related to the exempt purposes of such organization), or for any trade or business unrelated to the exempt purposes (as defined in Section 513(a) of the Code) of the Sole Member or TVLC (together, a "***Private Use***"), unless the

School Group and the Authority receive an Opinion of Counsel with respect to such act, agreement or use. CPA has applied for status as an organization described in Section 501(c)(3) of the Code. Any use of the Project by CPA in advance of (i) CPA obtaining a favorable determination letter as to its 501(c)(3) status from the Internal Revenue Service, (ii) counsel to CPA delivering an opinion that CPA is an organization described in Section 501(c)(3) of the Code and that CPA activities relating to the Project are not unrelated trade or business activities under Section 513(a) of the Code, and (iii) expanded use by CPA being approved by an Opinion of Counsel, shall be considered a Private Use.

2.5 Management Contracts. Each member of the School Group represents, warrants and covenants that it and any related party (within the meaning of Section 1.150-1(b) of the Treasury Regulations) will not enter into, and has not entered into, any agreement (a "***Management Contract***") with any person or organization (a "***Management Company***") that provides for such Management Company to manage, operate or provide services with respect to any portion of the Project unless such Management Contact satisfies the requirements described in this Section 2.5. Such rules shall not apply to contract for the janitorial, machine repair, billing services, or other incidental services.

(i) Fees-General Requirements. With respect to compensation for the management services under any Management Contract:

(A) Reasonable Compensation. The total compensation provided may be no more than reasonable compensation for the service performed.

(B) No Share of Net Profits. None of the compensation may be based on a share of net profits (or similar amount). For this purpose, reimbursement of a Management Company for actual and direct expenses paid by such Management Company to unrelated parties is not by itself treated as compensation. Further, compensation based on a percentage of gross revenues or a percentage of expenses (but not both) will generally not be considered as based on a share of net profits.

(C) Term Requirements. The fee arrangements and contract terms with regard to the Management Contract must satisfy the requirements set forth in either subsection (iii), (iv), or (v) hereof. For this purpose, amounts paid to reimburse a manager for amounts paid to parties unrelated to the manager, are not treated as fees paid to the manager. For this purpose, except on the advice of Bond Counsel, the member of the School Group shall not treat amounts paid to reimburse a manager for amounts paid to the manager's employees as paid to unrelated parties.

(D) Productivity Awards. A productivity reward for services in any annual period during the term of the contract generally also does not cause the compensation to be based on a share of net profits of the financed facility if (a) the eligibility for the productivity award is based on the quality of the services provided under the management contract rather than increases in revenues or decreases in expenses of the facility; and (b) the amount of the productivity award is a stated dollar amount, a periodic fixed fee, or a tiered system of stated dollar amounts or periodic fixed fees based solely on the level of performance achieved with respect to the applicable measure.

(ii) Relationship of the Member of the School Group and Management Company. In the event that (i) voting power in the governing body of the member of the School Group is vested in the Management Company, its directors, officers, shareholders or other employees, or (ii) voting power in the governing body of the Management Company is vested in the member of the School Group, its directors, officers or employees, the member of the School Group will treat the Management Contract as giving rise to Private Use unless it consults with Bond Counsel and is advised that such vested voting power does not result in the Management Contract giving rise to private business use.

(iii) 5 Year Contracts. All of the compensation for services is based on a stated amount; periodic fixed fee; a capitation fee; a per-unit fee; or a combination of the preceding. The compensation for services also may include a percentage of gross revenues, adjusted gross revenues, or expenses of the facility (but not both revenues and expenses). The term of the contract, including all renewal options, does not exceed five years. Such contract need not be terminable by the member of the School Group prior to the end of the term. For purposes of this section 2.5(iii), a tiered productivity award as described in section 2.5(i)(D) will be treated as a stated amount or a periodic fixed fee, as appropriate.

(iv) 80 Percent Periodic Fixed Fee Arrangements.

(A) Fees. At least 80 percent of the compensation for each annual period during the term of the Management Contract is based on a periodic fixed fee. The remainder of the compensation arrangement may consist of any formula that does not result in the Management Company receiving a fee that in the aggregate consists of a share of net profits. For purposes of this section 2.5(iv), a tiered productivity award as described in section 2.5(i)(D) will be treated as a stated amount or a periodic fixed fee, as appropriate.

(B) Term of Contract. The term of the Management Contract, including any renewal option periods, does not exceed a period of ten years.

(v) 95 Percent Periodic Fixed Fee Arrangements.

(A) Fees. At least 95 percent of the compensation for each annual period during the term of the Management Contract is based on a periodic fixed fee. The remainder of the compensation arrangement may consist of any formula that does not result in the Management Company receiving a fee that in the aggregate consists of a share of net profits. For purposes of this section 2.5(v), a tiered productivity award as described in section 2.5(i)(D) will be treated as a stated amount or a periodic fixed fee, as appropriate.

(B) Term of Contract. The term of the Management Contract, including any renewal option periods, does not exceed a period of fifteen years.

2.6 $150,000,000 Limit. The School Group and all Related Persons to the School Group do not and will not have allocated to them as direct or indirect borrowers of tax-exempt bond proceeds or users of tax-exempt bond-financed assets Tax-Exempt Obligations in an amount that exceeds $150,000,000.

2.7 Not Residential Rental Property for Family Units. None of the facilities financed with proceeds of the Bonds contains any units with complete facilities for living, sleeping, eating, cooking, and sanitation, other than residential units for students of the Schools.

2.8 Useful Life. The average maturity of the Bonds does not exceed one hundred twenty percent (120%) of the average reasonably expected economic life of the Project Facilities determined as of date such assets were expected to be placed in service.

2.9 Prohibited Facilities. None of the proceeds of the Bonds will be used to finance or refinance any airplane, skybox or other private luxury box, facility primarily used for gambling, or any store the principal business of which is the sale of alcoholic beverages for consumption off premises.

2.10 Public Hearing and Approval. The Authority caused to be published on April 7, 2015 (the "First Notice"), in *The Inter-City Express*, a newspaper of general circulation within the area where the Project is located, notice of a public hearing to be held by the County of Alameda (the "County") on April 21, 2015 regarding the Authority's issuance of the Bonds to finance the Project. The County is a member and an applicable elected representative of the Authority. On April 21, 2015, the County's Board of Supervisors was scheduled to hold the aforementioned hearing but decided during the meeting to continue the hearing until the next meeting of the County's Board of Supervisors on May 5, 2015. At the meeting of the County's Board of Supervisors no persons other than representatives of the Authority and the School Group expressed an interest in providing testimony with respect to the Project or the Bonds. The Authority caused to be published on April 27, 2015 (the "Second Notice") in *The Inter-City Express* notice of the continued hearing by the County on May 5th. The Second Notice was published as soon as practical after the continuance of the April 21st meeting. Copies of the notices are attached hereto as Exhibit B. At the hearing on May 5th all interested persons were invited and given a reasonable opportunity to comment upon the nature and location of the Project Facilities and the financing thereof by the Bonds. On May 5, 2015, the County's Board of Supervisors, as the "applicable elected representative," approved the issuance of the Bonds for the purpose of financing the Project. Until the earlier of (i) the first date on which none of the Bonds are outstanding or (ii) the end of the expected useful life of the Project, each component of the Project will be located at the street address or addresses listed, or at the locations and in the manner otherwise described, in the notices of public hearing referenced in Exhibit B.

2.11 Costs of Issuance. The Borrower will not expend more than 2 percent of the Sale Proceeds to pay costs of executing and delivering the Bonds, including the Underwriter's discount. The Borrower is applying at least $453,627.08 of funds received as a rent prepayment from CPA (the "***COI Equity Contribution***") to pay the portion of the costs of executing and delivering the Bonds that exceeds 2 percent of the Sale Proceeds of the Bonds.

2.12 Registered Form. The Bonds is being executed and delivered in registered form.

2.13 No Federal Guarantee. Neither the Authority nor the Borrower will, directly or indirectly, use or permit the use of or otherwise invest any proceeds of the Bonds or any other funds of the Authority or the Borrower or take or omit to take any action that would cause the Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code. In furtherance of this representation, warranty and covenant, neither the Authority nor the Borrower will allow the payment of the principal or interest represented by the Bonds to be guaranteed (directly or indirectly) in whole or in part by the United States or any agency or instrumentality thereof. Neither the Authority nor the Borrower will, except as provided in the next sentence, use five percent (5%) or more of the proceeds of the Bonds to make loans the payment of the principal or interest with respect to which are guaranteed (directly or indirectly) in whole or in part by the United States or any agency or instrumentality thereof, nor will the Authority or the Borrower invest five percent (5%) or more of the proceeds of the Bonds in federally insured deposits or accounts. However, proceeds of the Bonds held in the Bona Fide Debt Service Funds that are allowed to be invested at an unrestricted yield pursuant to Section 3.4.4 hereof may be invested without regard to the limitation in this section.

2.14 Refunding Status. None of the proceeds of the Bonds will be used directly or indirectly to make principal, interest or premium payments with respect to any obligation other than the Bonds.

2.15 Information Reporting. Each of the Authority and the members of the School Group certifies that it has reviewed the Internal Revenue Service Form 8038 to be filed in connection with the execution and delivery of the Bonds and believes that all of the information contained in the Form 8038 is true and complete. Such Form 8038 will be filed as directed in the instructions to the form no later than the fifteenth day of the second calendar month following the close of the calendar year quarter in which the Bonds is executed and delivered.

2.16 No Pooling. Neither the Authority nor the Borrower will use the proceeds of the Bonds directly or indirectly to make or finance loans to two or more ultimate borrowers.

2.17 No Hedge Bonds. The School Group reasonably expects that more than 85% of the Net Sale Proceeds of the Bonds will be expended for the governmental purpose of the Bonds before the date that is 3 years after the Closing Date. No more than 50% of the Net Sale Proceeds of the Bonds will be invested in investment securities with a yield substantially guaranteed for 4 years or longer.

2.18 Allocations; Expenditures. For purposes of this Tax Certificate, Gross Proceeds will be treated as spent when they are: (i) used to pay the costs of issuing the Bonds, (ii) used to pay capital expenditures relating to the Project Facilities, (iii) used to pay interest expense on the Bonds for a period not exceeding three years, or (iv) used for miscellaneous expenditures described in Treasury Regulations Section 1.148-6(d)(3)(ii). All allocations of Sale Proceeds to expenditures will occur not later than 18 months after the date of the expenditure or 18 months after the date the facility to which the expenditure relates is completed and actually operating at substantially the level for which it was designed, but in all events not later than 60 days after the fifth Bond Year (or 60 days after none of the Bonds are outstanding, if earlier). Such final allocation will be consistent with the representations made in Section 1.5 above.

2.19 Retention of Records. The School Group covenants to maintain all records relating to the requirements of the Code and the representations, certifications and covenants set forth in this Tax Certificate until the date three years after the last outstanding Bonds have been retired. If any of the Bonds are refunded by Tax-Exempt Bonds (the "***Refunding Obligations***"), the School Group covenants to maintain all records required to be retained by this Section 2.19 until the later of the date three years after the last outstanding Bonds have been retired or the date three years after the last Refunding Obligations have been retired. The records that must be retained include, but are not limited to:

(a) Basic records and documents relating to the Bonds (including this Tax Certificate and the opinion of Bond Counsel);

(b) Documentation evidencing the expenditure of Bond Proceeds;

(c) Documentation evidencing the use of the Project Facilities by public and private sources (e.g., copies of management contracts, research agreements, leases, etc.);

(d) Documentation evidencing all sources of payment or security for the Bonds; and

(e) Documentation pertaining to any investment of proceeds of the Bonds (including the purchase and sale of securities, SLGS subscriptions, yield calculations for each class of investments, actual investment income received from the investment of proceeds, guaranteed investment contracts, and rebate calculations). See also Section 5.3 hereof regarding records required to be kept for purposes of calculating the Rebate Requirement.

2.20 Post-Issuance Compliance Undertaking. The Borrower and the members of the School Group have each covenanted in the Loan Agreement and herein, respectively, to comply with certain requirements of the Code. Each member of the School Group acknowledges that the Internal Revenue Service mandates certain filing requirements with respect to post-issuance tax compliance, private use and/or unrelated trade or business use, including the proper method for computing whether any such use has occurred under Section 145 of the Code. Each member of the School Group further covenants that it will undertake to determine (or have determined on its behalf) the information required to be reported on the IRS Form 990 (Schedule K) Supplemental Information on Tax-Exempt Bonds on an annual basis and will undertake to comply with the aforementioned filing requirements and any related requirements that may be applicable to the Bonds (collectively, the "Post-Issuance Requirements"). Further, each member of the School Group covenants that it has adopted, or, if not, will promptly adopt, management practices and procedures to ensure its compliance with the Post-Issuance Requirements with respect to the Bonds and that such procedures will include all of the requirements of the Authority, as set forth in the Authority's post-issuance compliance procedures attached hereto as Exhibit D.

2.21 Retention of Post-Issuance Compliance Expert. The School Group initially has designated John Zukoski to be responsible for supervising certain post-issuance tax compliance services that may be required from time to time with respect to the Bonds.

III. *Arbitrage*

3.1 Reasonable Expectations. This Article III sets forth the reasonable expectations, statements of fact and representations of the Authority and the Borrower with respect to the amount and use of the proceeds of the Bonds and certain other funds.

3.2 Sale Proceeds. The total Sale Proceeds to be derived from the sale of the Bonds is equal to $24,832,496.45, the par amount of the Bonds less original issue discount of $707,503.55. Of this amount, $446,950.00 will be retained by the Underwriter as Underwriter's discount. The remaining Sale Proceeds and other amounts are expected to be needed and fully expended as follows:

3.2.1 Costs of Issuance Fund. Proceeds of the Bonds in the amount of $49,699.92 will be deposited into the Bonds Proceeds Account, together with the COI Equity Contribution in the amount of $453,627.08, and will be applied to pay certain costs of executing and delivering the Bonds, including the fee of the Authority.

3.2.2 Project Fund; Title Company. A total of $22,318,096.53 of Sale Proceeds will be deposited in the Project Fund and applied to pay costs of the Project Facilities ($7,199,316.78) or transferred to Chicago Title Company for acquisition of the Facilities ($15,118,779.75). In addition to Sale Proceeds, $846,372.92 of rent prepayment funds of CPA will be deposited in the Project Fund to pay costs of the Project Facilities allocable to CPA's portion of the Sublease (the "CPA Lease Prepayment"). It is anticipated that CPA will be paid $421,607.54 from the Project Fund for Project expenditures paid by CPA that are not being contributed to the Borrower. See Exhibit C.

3.2.3 Reserve Account. A total of $2,017,750.00 of Sale Proceeds will be deposited in the Reserve Account.

3.3 No Overissuance. The total proceeds to be received from the execution and delivery of the Bonds and anticipated investment earnings thereon, do not exceed the total of the amount necessary to finance the government purposes for which the Bonds is executed and delivered as described above.

3.4 Funds and Accounts.

3.4.1 General. The following funds and accounts relating to the Bonds have been or will be established:

Project Fund

Costs of Issuance Fund

Revenue Fund

Interest Account

Principal Account

Redemption Fund

Optional Redemption Account

Special Redemption Account

Reserve Account

Gross Revenue Fund (created under the Master Indenture)

Rebate Fund

3.4.2 Project Fund. Funds deposited in the Project Fund will be used to pay the capital costs of the Project Facilities. No moneys in the Project Fund shall be used to pay Costs of Issuance or interest accruing on the Bonds. Any Sale Proceeds or Investment Proceeds remaining unspent on or after May 8, 2018, shall be invested either in (i) Investment Property with a yield not exceeding the yield on the Bonds, (ii) assets that are not treated as Investment Property (e.g., Tax-Exempt Bonds), or (iii) assets that satisfy the requirements for qualified yield reduction payments set forth in Treasury Regulations Section 1.148-5(c), subject to the limitation set forth in Section 1.148-10(b)(1)(ii). The Borrower expects to spend at least 85% of the Sale Proceeds deposited in the Project Fund within the 3-year period following the Closing Date. A substantially binding obligation to third parties to expend at least 5% of the Net Sale Proceeds of the Bonds will be incurred within 6 months of the Closing Date, and the completion of the Project Facilities (and the allocation of such Sale Proceeds to expenditures on the Project Facilities) will proceed with due diligence. Sale Proceeds deposited into the Project Fund may be invested at an unrestricted yield for the three-year period following the Closing Date but will be subject to the arbitrage rebate requirements of Section 148(f) of the Code.

3.4.3 Costs of Issuance Fund. The entire amount in the Costs of Issuance Fund shall be used solely for payment of the costs of issuance with respect to the Bonds. No later than 180 days after the Closing Date or upon the earlier request of the Borrower, any amounts remaining in the Costs of Issuance Fund shall be transferred to the Project Fund. Such amounts may be invested without regard to yield, but will be subject to the arbitrage rebate requirements of Section 148(f) of the Code.

3.4.4 Bona Fide Debt Service Funds.

(a) **Revenues.** The Bonds are limited obligations of the Authority payable from Revenues (as defined in the Indenture). Revenues consist principally of amounts received by the Authority or the Trustee pursuant or with respect to the Loan Agreement, and income derived from the investment of amounts held in any fund or account established pursuant to the Indenture.

(b) **Revenue Fund; Interest Account and Principal Account**. Revenues shall be deposited in the Revenue Fund which the Trustee shall establish, maintain and hold in trust, except as otherwise provided in Section 5.07 of the Indenture and except that all moneys received by the Trustee and required to be deposited in the Redemption Fund shall be promptly deposited in the Redemption Fund. In accordance with the Bond Indenture, the Trustee will promptly deposit all Revenues sufficient to pay the principal and interest components of Loan Repayments to the Interest Account, then to the Principal Account and then to the Reserve Account. Upon Request of the Borrower, any moneys remaining in the Revenue Fund after the foregoing transfers shall be transferred to the Borrower. Revenues are expected to equal or exceed debt service on the Bonds during each payment period.

(c) **Redemption Fund**. The Trustee is directed to deposit into the Redemption Fund, and in the Optional Redemption Account and the Special Redemption Account therein, such amounts as are required or permitted to be deposited therein pursuant to the Bond Indenture. Such amounts shall be used by the Trustee solely for the purpose of redeeming Bonds in accordance with Article IV of the Bond Indenture.

(d) **Bona Fide Debt Service Funds**. The Bona Fide Debt Service Funds used to make payments under the Loan Agreement are used primarily to achieve a proper matching of revenues and debt service within each Bond Year. Such funds and accounts are depleted at least once each Bond Year except for a carryover amount not to exceed the greater of the prior Bond Year's earnings on such funds or accounts or one-twelfth of the prior Bond Year's debt service. Amounts contributed to such funds and accounts will be spent within thirteen months after the date of such contribution, and any investment earnings (net of losses) received from the investment or reinvestment of moneys held in such funds will be expended within one year after the date of accumulation thereof in such funds. Such amounts may be invested without regard to yield and will not be subject to the arbitrage rebate requirements of Section 148(f) of the Code to the extent such amounts satisfy the requirements of Section 5.3.1 of this Tax Certificate

3.4.5 Reserve Account. The Trustee shall establish and maintain, so long as any of the Bonds are outstanding, a separate account to be known as the "Reserve Account" as an account in the Revenue Fund. The Underwriter has advised that the Reserve Account is reasonably required in that it was a material factor in selling the Bonds at the lowest possible yield (given other characteristics of the Bonds) without regard to any benefit from positive net investment earnings on amounts held in the Reserve Account, and that it is reasonable and customary in marketing similar issues of governmental obligations. See Exhibit A hereto. The aggregate amount held in the Reserve Account cannot exceed the least of (i) an amount equal to 10% of the original proceeds of the Bonds; (ii) maximum amount of principal and interest which shall be payable during the current or any succeeding Bond Year on the Bonds then outstanding; or (iii) 125% of average annual debt service with respect to the Bonds (the "Reserve Account Requirement"). Except as provided in the Bond Indenture, moneys on deposit in the Reserve Account shall only be used to make up any deficiencies in the Interest Account or the Principal Account. Interest, profits and other income received from the investment of moneys in the Reserve Account shall be deposited when received in the Revenue Fund provided that the Reserve Account Requirement is met at the time of transfer. Amounts in the Reserve Account that do not exceed the Reserve Account Requirement may be invested at an unrestricted yield for the three-year period following the Closing Date but will be subject to the arbitrage rebate requirements of Section 148(f) of the Code.

3.4.6 Rebate Fund. The Authority and each member of the School Group jointly covenant not to use moneys on deposit in any fund or account in connection with the Bonds in a manner which will cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code. To that end, the Rebate Fund is hereby created. The Borrower shall calculate the rebate obligation on the Bonds and direct the Trustee to make the appropriate deposit to the Rebate Fund based on such calculations. The Borrower has covenanted not to use moneys on deposit in any fund or account in connection with the Bonds in a manner which will cause the Bonds to be arbitrage bonds within the meaning of Section 148 of the Code. Within 55 days after the close of each Bond Year, the Trustee shall deposit into the Rebate Fund any payments received in accordance with this Tax Certificate for purposes of ultimate rebate to the United States. The amount required to be held in the Rebate Fund at any point in time is determined pursuant to the requirements of the Code, including particularly Section 148(f) of the Code and the regulations applicable thereto. Moneys in the Rebate Fund are neither pledged to nor expected to be used to pay debt service on the Bonds. Sale Proceeds and investment proceeds of the Bonds are not expected to be held in the Rebate Fund. Amounts in the Rebate Fund may be invested without regard to yield and will not be subject to the arbitrage rebate requirements of Section 148(f) of the Code unless the Rebate Fund is funded with Gross Proceeds of the Bonds.

3.4.7 No Other Sinking or Pledge Fund. Other than the Bona Fide Debt Service Funds and the Reserve Account, there are no funds or accounts of the Borrower or any Person who is a Related Person to the Borrower established pursuant to the Bond Indenture, or otherwise, which are reasonably expected to be used to pay debt service on the Bonds or which are pledged as collateral for the Bonds and for which there is a reasonable assurance that amounts therein or the investment income earned from such funds or accounts will be available to pay debt service on the Bonds in the event that the Borrower encounters financial difficulties.

3.5 Investment Restrictions. Unless otherwise authorized by an Opinion of Counsel, any amounts which are required to be invested at a yield not in excess of the yield on the Bonds as provided in this Section shall be invested in either (i) assets that are not treated as Investment Property, (ii) Investment Property with a yield not exceeding the yield on the Bonds, or (iii) in assets that satisfy the requirements for qualified yield reduction payments set forth in Treasury Regulations Section 1.148-5(c), subject to the limitation set forth in Section 1.148-10(b)(1)(ii).

3.6 No Replacement.

3.6.1 No Replacement Proceeds. No portion of the proceeds of the Bonds will be used directly or indirectly to replace funds of the Authority or the Borrower or any Persons who are Related Persons to either the Authority or the Borrower that are intended to be used for the purpose for which the Bonds are issued and used directly or indirectly to acquire Investment Property reasonably expected to produce a yield higher than the yield on the Bonds.

3.6.2 No Other Replacement Proceeds. The average weighted maturity of the Bonds is no longer than is reasonably necessary for the governmental purposes of the Bonds. The weighted average maturity of the Bonds does not exceed 120% of the average reasonably expected economic life of the Project Facilities.

3.7 No Abusive Arbitrage Device. The Bonds are not and will not be part of a transaction or series of transactions that (i) attempts to circumvent the provisions of Section 148 of the Code (or any successor thereto) and related regulations, enabling the Authority, the School Group, or any Persons who are Related Persons to either the Authority or any member of the School Group to exploit the difference between tax-exempt and taxable interest rates to gain a material financial advantage, and (ii) increases the burden on the market for tax-exempt obligations in any manner, including, without limitation, selling bonds that would not otherwise be sold, or selling more bonds, or issuing them sooner, or allowing them to remain outstanding longer, than would otherwise be necessary.

IV. *Yield And Yield Restriction*

4.1 Yield With Respect to the Bonds.

4.1.1 Generally. For purposes of this Tax Certificate and Agreement, yield is calculated as set forth in Code Section 148(b) and Treasury Regulations §§1.148-4 and 1.148-5. Thus, yield generally means that discount rate which when used in computing the present value of all unconditionally payable payments representing principal and interest with respect to an obligation and the cost of qualified guarantees (if any) paid and to be paid with respect to such obligation produces an amount equal to the issue price of the obligation. The yield on the Bonds shall be determined on an aggregate basis by treating all payments of principal and interest with respect to the Bonds as if paid with respect to a single obligation issued on the Closing Date for an amount equal to the issue price of the Bonds. For purposes hereof, yield shall be calculated on a 360-day year basis with interest compounded semi-annually. The yield on the Bonds has been calculated to be 7.056892%.

4.2 Acquisition of Acquired Program Obligations. The proceeds from the sale of the Bonds will be used in accordance with the program of the Authority created to assist health care and educational institutions to obtain tax-exempt financing for their respective projects (the "***Program***"). The Program involves the acquisition of acquired program obligations, at least 95% of which, by amount of cost outstanding, are evidences of loans to an organization described in Section 501(c)(3) of the Code and exempt from tax under Section 501(a) of the Code. At least 95% of all of the amounts received by the Authority with respect to acquired program obligations shall be used for one or more of the following purposes: to pay the principal of or interest on or otherwise service the debt on the Authority's obligations related to the Program; to reimburse the Authority, or to pay, for administrative costs of executing and delivering or delivering such obligations; to reimburse the Authority, or to pay, for administrative and other costs and anticipated future losses directly related to the Program; to make additional loans for the same general purposes specified in the Program; or to redeem or retire such obligations of the Authority at the next earliest possible date of redemption. Pursuant to this section, any person or any person who is a Related Person to the Authority from whom the Authority may, under the Program, acquire acquired program obligations, shall not, pursuant to an arrangement (either formal or informal), purchase the Authority's obligations in an amount related to the amount of the acquired program obligations from such person by the Authority.

4.3 Yield on Acquired Program Obligations. Payments of principal and interest by the Borrower to the Authority under the Loan Agreement will be made in the same amounts as the principal and interest coming due with respect to the Bonds and will be held by the Trustee for the account of the Borrower until applied to its payment with respect to the Bonds. The Borrower also is required to pay or reimburse the Authority for certain administrative expenses, including the costs of executing and delivering the Bonds but excluding general expenses or administrative overhead of the Authority. The present value of these payments to the Authority will not exceed the present value of the administrative costs paid by the Authority. The yield on the Loan Agreement is not expected to be greater than one and one-half percentage points more than the yield on the Bonds.

V. *Rebate*

5.1 Undertakings. The Authority and the Borrower have covenanted to comply with certain requirements of the Code relating to the Rebate Requirement as discussed in this Article V. The Authority and the Borrower acknowledge that the United States Department of the Treasury has issued regulations with respect to certain of these undertakings, including the proper method for computing whether any rebate amount is due the federal government under Section 148(f) of the Code. The Authority and the Borrower covenant that they will undertake to determine precisely what is required with respect to the rebate provisions contained in Section 148(f) of the Code and said regulations from time to time and will comply with any requirements that may be applicable to the Bonds. Except to the extent inconsistent with any requirements of the Code or the regulations or future regulations, the Authority and the Borrower will undertake the methodology described in this Tax Certificate and Agreement.

5.2 Rebate Fund. A special fund designated the "Rebate Fund" will be established by the Borrower as required. To the extend established, the Authority and the Borrower have agreed to keep the Rebate Fund separate and apart from all other funds and moneys held by either of the Authority or the Borrower.

5.3 Recordkeeping. The Authority and the Borrower shall maintain or cause to be maintained detailed records with respect to each Nonpurpose Investment attributable to Gross Proceeds of the Bonds, including: (a) purchase date; (b) purchase price; (c) information establishing fair market value on the date such investment became a Nonpurpose Investment; (d) any accrued interest paid; (e) face amount; (f) coupon rate; (g) periodicity of interest payments; (h) disposition price; (i) any accrued interest received; and (j) disposition date. Such detailed recordkeeping is required to facilitate the calculation of the Rebate Requirement.

5.4 Exceptions to the Rebate Requirement.

5.4.1 Bona Fide Debt Service Funds. Subject to the representations and certifications made in Section 3.4.4 of this Tax Certificate and Agreement, no rebate calculations will need to be made with respect to any moneys in the Bona Fide Debt Service Funds.

5.4.2 Six-Month Expenditure Exception. Except for Gross Proceeds deposited in the Bona Fide Debt Service Funds, if on or before the date six (6) months after the Closing Date, at least 95% of the Expenditure Exception Gross Proceeds are expended, and any remaining Expenditure Gross Proceeds are spent on or before the date twelve months after the Closing Date, the Rebate Requirement shall be treated as having been satisfied with respect to such Expenditure Exception Gross Proceeds.

5.4.3 Eighteen-Month Expenditure Exception. The Borrower will be treated as having satisfied the Rebate Requirement with respect to the Expenditure Exception Gross Proceeds allocated to expenditures for a governmental purpose of the Bonds in accordance with the following schedule (the "***Eighteen-Month Expenditure Schedule***"), measured from the Closing Date:

End of first six months	15%
End of first year	60%
End of first 18 months	100%

In addition, the eighteen-month expenditure exception requires that the Rebate Requirement be satisfied with respect to all amounts not required to be spent pursuant to the Eighteen-Month Expenditure Schedule (other than earnings on the Bona Fide Debt Service Funds). All of the Expenditure Exception Gross Proceeds will be treated as expended after 18 months if the remainder is a "reasonable retainage" as required or permitted by construction contracts with the Borrower's contractors and such remainder is spent within 30 months of the Closing Date.

5.4.4 Two-Year Construction Exception. The Available Construction Proceeds of the Bonds may not be subject to the Rebate Requirement. The Borrower reasonably expects that at least 75% of the Available Construction Proceeds will be expended for construction expenditures with respect to property that will be owned by the Borrower. For purposes of this Section 5.3.4, "construction expenditures" include costs for construction, reconstruction and rehabilitation, but do not include costs of acquisition of interests in land or other existing real property. All of the Available Construction Proceeds will be deposited or are expected to be deposited in the Project Fund.

The portions of the Available Construction Proceeds required to be spent at the end of each 6-month period are as follows:

End of first six months	10%
End of first year	45%
End of first 18 months	75%

End of second year	100%

The requirement that 100% of the Available Construction Proceeds be expended within two years of the Closing Date will be met if at least 95% of the Available Construction Proceeds is spent by such time, if the remainder is a "reasonable retainage" as required or permitted by construction contracts with the Borrower's contractors, and if such remainder is spent within the three years of the Closing Date. In determining Available Construction Proceeds as of any date, there shall be included the amount of investment earnings reasonably expected after such date along with investment earnings actually received or accrued as of such date.

5.5 Rebate Requirement Calculation and Payment.

5.5.1 The Borrower will prepare or cause to be prepared an annual calculation of the Rebate Requirement consistent with the rules described in this Section 5.5. (The interim calculations not falling at the close of the periods referred to in Section 5.5.3 below may be made as of the close of the Bond Years involved or as of other dates more convenient to the Borrower and such dates shall be treated as the close of Bond Years for purposes of this Section 5.5.) The Borrower will complete the annual calculation of the Rebate Requirement within 55 days after the close of each Bond Year and within 55 days after the first date on which no portion of the Bonds is outstanding for federal tax purposes. Concurrent with the preparation of such calculation, the Borrower shall deposit in the Rebate Fund an amount which when added to amounts already on deposit therein will equal the Rebate Requirement or, if appropriate, decrease the sum held in the Rebate Fund to the Rebate Requirement.

5.5.2 For purposes of calculating the Rebate Requirement (i) the aggregate amount earned with respect to a Nonpurpose Investment shall be determined by assuming that the Nonpurpose Investment was acquired for an amount equal to its fair market value (determined as provided in §1.148-5(d)(6) of the Treasury Regulations as applicable) at the time it becomes a Nonpurpose Investment, and (ii) the aggregate amount earned with respect to any Nonpurpose Investment shall include any unrealized gain or loss with respect to the Nonpurpose Investment (based on the assumed purchase price at fair market value and adjusted to take into account amounts received with respect to the Nonpurpose Investment and earned original issue discount or premium) on the first date when no portion of the Bonds is outstanding for federal tax purposes or when the investment ceases to be a Nonpurpose Investment.

5.5.3 The Borrower shall pay to the United States Department of the Treasury from the Rebate Fund, not later than 60 days after the end of the fifth Bond Year and each succeeding fifth Bond Year, an amount equal to 90 percent, and not later than 60 days after the first date when the Bonds is no longer outstanding for federal tax purposes, an amount equal to 100 percent of the Rebate Requirement (determined as of the first date when the Bonds is no longer outstanding for federal tax purposes) plus any actual or imputed earnings on such Rebate Requirement, all as set forth in §1.148-3 of the Treasury Regulations.

5.5.4 Each payment required to be made pursuant hereto shall be filed with the Internal Revenue Service Center, Ogden, Utah, on or before the date such payment is due, and shall be accompanied by Form 8038-T. The Borrower shall retain records of the calculations required by this Section 5.5 until 6 years after the retirement of the entire Loan.

5.6 Investments and Dispositions.

5.6.1 General Rule. No Investment Property may be acquired with Gross Proceeds for an amount (including transaction costs, except as otherwise provided in §1.148-5(e) of the Treasury Regulations) in excess of the fair market value of such Investment Property. No Investment Property may be sold or otherwise disposed of for an amount (including transaction costs, except as otherwise provided in §1.148-5(e) of the Treasury Regulations) less than the fair market value of the Investment Property.

5.6.2 Fair Market Value. In general, the fair market value of any Investment Property is the price at which a willing buyer would pay to a willing seller to acquire the Investment Property, with no amounts paid to artificially reduce or increase the yield on such Investment Property. This Section 5.6 sets forth certain safe harbors for determining fair market value. Other methods may be used to establish fair market value, provided, however, that such methods comply with the requirements of §1.148-5(d)(6) of the Treasury Regulations.

5.6.3 Arm's Length Purchase and Sale. If Investment Property is acquired pursuant to an arm's length transaction without regard to any amount paid to reduce the yield on the Investment Property, the fair market value of the Investment Property shall be the amount paid for the Investment Property (without increase for transaction costs, except as otherwise provided in §1.148-5(e) of the Treasury Regulations). If Investment Property is sold or otherwise disposed of in an arm's length transaction without regard to any reduction in the disposition price to reduce the Rebate Requirement, the fair market value of the Investment Property shall be the amount realized from the sale or other disposition of the Investment Property (without reduction for transaction costs, except as otherwise provided in §1.148-5(e) of the Treasury Regulations).

5.6.4 United States Treasury Securities - State and Local Government Series. If a United States Treasury obligation is acquired directly from or disposed of directly to the United States Department of the Treasury (as in the case of the United States Treasury Securities - State and Local Government Series ("***SLGS***") obligations), such acquisition or disposition shall be treated as establishing a market for the obligation and as establishing the fair market value of the obligation.

5.6.5 Investment Contracts. The purchase price of any Investment Property acquired pursuant to a guaranteed investment contract (within the meaning of Section 1.148-1(b) of the Treasury Regulations) shall be determined as provided in Section 1.148-5 of the Treasury Regulations. No investment contract shall be acquired with Gross Proceeds unless the requirements of Section 1.148-5 of the Treasury Regulations and this Section 5.6.5 are satisfied. With respect to any investment contract, the Borrower will obtain from the provider of the investment contract, broker thereof or other party, such information, certification or representation as will enable the Borrower to determine that these requirements are satisfied.

The purchase price of an investment contract will be considered to be fair market value if:

(i) the Borrower has made (or has had made on its behalf) a bona fide solicitation for the investment contract; the solicitation must have specified the material terms of the investment contract (i.e., all the terms that could directly or indirectly affect the yield or the cost of the investment including the collateral security requirements for the investment contract) and, unless the moneys invested pursuant to such investment contract will be held in the Reserve Account, the Borrower's reasonably expected drawdown schedule for the moneys to be invested; the solicitation has a legitimate business purpose (i.e., a purpose other than to increase the purchase price or reduce the yield) for every term of the bid specification;

(ii) all bidders have an equal opportunity to bid so that, for example, no bidder is given the opportunity to review other bids (a last look) before bidding;

(iii) the Borrower solicits bids from at least three (3) investment contract providers with established industry reputations as competitive providers of investment contracts;

(iv) the Borrower includes in the bid specifications a statement to potential bidders that by submitting a bid, the provider is making certain representations that the bid is bona fide, and specifically that 1) the bidder did not consult with any other potential provider about its bid, 2) the bid was determined without regard to any other formal or informal agreement that the potential provider had with the Borrower or any other person, and 3) the bid was not submitted solely as a courtesy to the Borrower or any other person for purposes of satisfying the requirements of Section 1.148-5 of the Treasury Regulations;

(v) at least three bids meeting the qualification requirements of the bid solicitation (as set forth in (1) above) have been received from different providers of investment contracts that have no material financial interest in the Bonds (the following investment contract providers are considered to have a material financial interest in the issue: 1) a lead underwriter in a negotiated underwriting, but only until 15 days after the issue date of the issue, 2) an entity acting as a financial advisor with respect to the purchase of the investment contract at the time the bid specifications were forwarded to potential providers; and 3) any related party to a provider that is disqualified for one of the two preceding reasons);

(vi) at least one of the bids received by the Borrower that meets the requirements of the preceding paragraph is from an investment contract provider with an established industry reputation as a competitive provider of investment contracts;

(vii) the investment contract has a yield (net of any broker's fees) at least equal to the highest yielding of the qualifying bids received from the bidders that have no material financial interest in the Bonds; if the investment contract is not the highest-yielding of the qualifying bids, the Borrower must have significant non-tax reasons, such as creditworthiness of the bidder, for failure to purchase the highest-yielding investment contract offered;

(viii) if an agent for the Borrower conducts the bidding process, the agent does not bid;

(ix) the provider of the investment contract certifies as to all administrative costs to be paid on behalf of the Borrower, including any fees paid as broker commissions in connection with the investment contract.

5.6.6 Certificates of Deposit. The purchase price of a certificate of deposit issued by a commercial bank that has a fixed interest rate, a fixed principal payment schedule, a fixed maturity, and a substantial penalty for early withdrawal will be considered to be fair market value if:

(i) the yield on the certificate of deposit is not less than the yield on reasonably comparable direct obligations of the United States; and

(ii) the yield on the certificate of deposit is not less than the highest published yield of the provider thereof which is currently available on comparable Loan of deposit offered to the public.

5.6.7 Broker Compensation. For purposes of computing the yield on any investment contract acquired through a broker, reasonable compensation received by such broker, whether payable by or on behalf of the obligor or obligee of such investment contract, may be taken into account in determining the cost of the investment contract (as provided in Section 1.148 5(e)(2)(iii) of the Treasury Regulations). Compensation is deemed reasonable if it does not exceed the lesser of (i) $39,000 or (ii) 0.2% of the amount reasonably expected, as of the date of acquisition of the investment contract, to be invested under the investment contract over its term, or $4,000 (if 0.2% of such amount reasonably expected to be invested under the investment contract over its term is less than $4,000). In addition, the total fees received by the broker with respect to the investment of any proceeds of the Bonds that are taken into account with respect to all investment contracts, at any time, may not exceed $110,000. All amounts referenced are to be adjusted for inflation after the Closing Date.

5.7 Segregation of Proceeds. In order to perform the calculations required by the Code, it is necessary to track separately all of the Gross Proceeds. To that end, the Authority and the Borrower shall cause to be established separate subaccounts or shall cause the Trustee to take such other accounting measures as are necessary in order to account fully for all Gross Proceeds.

5.8 Filing Requirements. The Authority and the Borrower will file or cause to be filed such reports or other documents with the Internal Revenue Service as is required by the Code.

5.9 Retention of Firm. The Authority and the Borrower hereby undertake to satisfy their obligation to perform the rebate calculations that may be required to be made from time to time with respect to the Bonds in the manner set forth in Exhibit E hereto.

VI. *Other Matters*

6.1 Expectations. The undersigned are authorized representatives of the Authority and the Borrower, respectively, and are acting for and on behalf of the Authority and the Borrower, respectively, in executing this Tax Certificate and Agreement. To the best of the knowledge and belief of the undersigned, there are no other facts, estimates or circumstances that would materially change the expectations as set forth herein, and said expectations are reasonable.

6.2 Post-Issuance Compliance. The Authority and the Borrower have covenanted to comply with certain requirements of the Code including those relating to the Rebate Requirement as discussed in Article V and relating to private use and/or unrelated trade or business use as set forth in this Tax Certificate and Agreement. The Authority intends to comply with these requirements through the obligation and undertaking by the Borrower to comply with these requirements, including, if necessary, the retention of a qualified rebate analyst. A copy of the Authority's post-issuance compliance procedures is attached hereto as Exhibit D, which the Borrower hereby acknowledges and the Borrower covenants that its own post-issuance compliance is and will be substantially similar and may be more expansive.

6.3 Amendments. Notwithstanding any provision of this Tax Certificate and Agreement, the Authority and the Borrower may amend this Tax Certificate and Agreement and thereby alter any actions allowed or required by this Tax Certificate and Agreement if such amendment is based on an Opinion of Counsel.

6.4 Survival of Prepayment. Notwithstanding any provisions in this Tax Certificate or the Loan Agreement to the contrary, the obligation to remit the Rebate Requirement, if any, to the United States Department of the Treasury and to comply with all other requirements contained in this Tax Certificate shall survive the prepayment of the Bonds.

Dated as of the date first written above.

CALIFORNIA STATEWIDE COMMUNITIES
DEVELOPMENT AUTHORITY

By______________________
Authorized Signatory

[Signature page – Tax Certificate]

INDEPENDENCE SUPPORT, LLC

By____________________________
John Zukoski, Director

LIVERMORE CHARTER ZONE CORPORATION

By____________________________
John Zukoski, Director

TRI-VALLEY LEARNING CORPORATION

By____________________________
William Batchelor,
Chief Executive Officer

CALIFORNIA PREPARATORY ACADEMIES

By____________________________
William Batchelor,
Chief Executive Officer

[Signature page – Tax Certificate]

EXHIBIT F

CERTIFICATE OF INDEPENDENCE OAKS, LP

All capitalized terms used in this Exhibit that are not otherwise defined in this exhibit have the meaning given thereto in the Tax Certificate and Agreement to which this Exhibit is attached. In connection with the real estate transactions facilitated by the issuance of the California Statewide Communities Development Authority Educational Facilities Revenue Bonds, (Independence Support, LLC Project), Series 2015, Independence Oaks, LP hereby certifies the following.

Prior to the date hereof, the Project Site and the Facilities were owned by 3090, LLC, an affiliate of Balch Enterprises. Independence Oaks, LP has been under contract to acquire the Project Site and the Facilities since October 8, 2013, for the purpose of transferring the property at some point to or for the benefit of TVLC. Over that time, Independence Oaks, LP invested its own funds and time with a fair market value as of the date hereof of at least $3,022,503.06 to develop the overall project for use as a school, including dealing with land use and permitting issues and providing other real estate development, brokerage and structuring services. Independence Oaks, LP will assign its right to acquire the Project Site and the Facilities to Goldstone United Investments, LLC on the date hereof from 3090, LLC for $3,022,503.06. Goldstone United Investments, LLC will acquire the Project Site and the Facilities directly from 3090, LLC for $12,019,015.65 (which equals the contract sale price of $13,225,000.00 less credits of $1,170,000.00 for certain payments already by Goldstone United Investments, LLC and CPA to 3090, LLC and less credits of $35,984.35 for existing tenant deposits). Goldstone United Investments, LLC has already paid to 3090, LLC, through Independence Oaks, LP, a total of $2,200,000.00 for sale contract extensions (including a portion of the aforementioned credit of $1,170,000.00), which amount is capitalized to the acquisition cost for a total acquisition price of $17,241,518.71. Additionally, CPA has already paid to 3090, LLC, through Independence Oaks, LP, a total of $274,400.00 for sale contract extensions (all of which is included in the aforementioned credit of $1,170,000.00), which amount will be reimbursed to CPA by the Borrower and is not included in the aforementioned acquisition price. The fair market value of the Project Site is $2,200,000. The purchase price for the Project Site and the Facilities by Goldstone United Investments, LLC is not more than their aggregate fair market value. Independence Oaks, LP is entirely independent from and unrelated to either 3090, LLC or Goldstone United Investments, LLC.

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Dated: May 8, 2015.

INDEPENDENCE OAKS, LP

By_______________________
Allan Chandler, Manager

EXHIBIT G

CERTIFICATE OF GOLDSTONE UNITED INVESTMENTS, LLC

All capitalized terms used in this Exhibit that are not otherwise defined in this exhibit have the meaning given thereto in the Tax Certificate and Agreement to which this Exhibit is attached. In connection with the real estate transactions facilitated by the issuance of the California Statewide Communities Development Authority Educational Facilities Revenue Bonds, (Independence Support, LLC Project), Series 2015, Goldstone United Investments, LLC hereby certifies the following.

3090, LLC, an affiliate of Balch Enterprises, will sell the Project Site and the Facilities to Goldstone United Investments, LLC for $12,019,015.65 (which equals the contract sale price of $13,225,000.00 less credits of $1,170,000.00 for certain payments already by Goldstone United Investments, LLC and CPA to 3090, LLC and less credits of $35,984.35 for existing tenant deposits). Goldstone United Investments, LLC has already paid to 3090, LLC, through Independence Oaks, LP, a total of $2,200,000.00 for sale contract extensions (including a portion of the aforementioned credit of $1,170,000.00), which amount is capitalized to the acquisition cost for a total acquisition price of $17,241,518.71. Additionally, CPA has already paid to 3090, LLC, through Independence Oaks, LP, a total of $274,400.00 for sale contract extensions (all of which is included in the aforementioned credit of $1,170,000.00), which amount will be reimbursed to CPA by the Borrower and is not included in the aforementioned acquisition price. The fair market value of Project Site is $2,200,000. The purchase price for the Project Site and the Facilities by Goldstone United Investments, LLC is not more than their aggregate fair market value. Goldstone United Investments, LLC is entirely independent from and unrelated to either 3090, LLC or Independence Oaks, LP. Goldstone United Investments, LLC is entering into the Ground Lease with the Borrower and is selling the Facilities to the Borrower for $15,041,518.71. The Ground Lease will be rent free (i.e., a donation from Goldstone United Investments, LLC to the Borrower).

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Dated: May 8, 2015.

GOLDSTONE UNITED INVESTMENTS, LLC

By________________________________
William Batchelor,
Manager

APPENDIX E:

Audited Financial Statements for Tri-Valley Learning Corporation as of June 30, 2015

squarmilner

Certified Public Accountants
and Financial Advisors

Tri Valley Learning Corporation

Consolidated Financial Statements

June 30, 2015

Charter Schools # 1565, #1124, #1519, #1518

INDEX TO FINANCIAL STATEMENTS

squarmilner
Certified Public Accountants and Financial Advisors

Squar Milner LLP

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Tri Valley Learning Corporation
Livermore, California

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Tri Valley Learning Corporation (a nonprofit organization) which comprise the consolidated statement of financial position as of June 30, 2015, and the related consolidated statements of activities and cash flows for the fiscal year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Los Angeles | Newport Beach | San Diego | Encino | Cayman Islands

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Tri Valley Learning Corporation as of June 30, 2015, and the changes in its net assets and its cash flows for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information on pages 19 through 28 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The accompanying schedule of expenditures of federal awards, as required by the Office of Management and Budget Circular A-133, *Audits of State, Local Governments and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 2016, on our consideration of Tri Valley Learning Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Tri Valley Learning Corporation's internal control over financial reporting and compliance.

Squar Milner LLP

SQUAR MILNER LLP

San Diego, California
February 23, 2016

TRI VALLEY LEARNING CORPORATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
June 30, 2015

	Livermore Valley Charter School	Livermore Valley Charter Preparatory High School	Acacia Elementary Charter School	Acacia Middle Charter School	Independence Support, LLC	Eliminations	Total
ASSETS							
Current assets:							
Cash and cash equivalents	$ 2,394	$ 14,321	$ –	$ –	$ –	$ –	$ 16,715
Restricted cash	2,246,013	–	–	–	8,809,509	–	11,055,522
Accounts receivable	875,681	800,322	385,726	122,817	–	–	2,184,546
Prepaid expenses	–	–	163,700	–	878,392	–	1,042,092
Other current assets	1,474,458	653,875	–	–	–	(2,128,202)	131
Total current assets	4,598,546	1,468,518	549,426	122,817	9,687,901	(2,128,202)	14,299,006
Fixed assets, net of depreciation	40,375,229	–	–	–	15,368,162	–	55,743,391
Noncurrent assets:							
Bond issue costs, net of amortization	1,182,573	–	–	–	938,277	–	2,120,850
Total noncurrent assets	1,182,573	–	–	–	938,277	–	2,120,850
TOTAL ASSETS	$ 46,156,348	$ 1,468,518	$ 549,426	$ 122,817	$ 25,994,340	$ (2,128,202)	$ 72,163,247

The accompanying notes are an integral part of these financial statement.

TRI VALLEY LEARNING CORPORATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
June 30, 2015

	Livermore Valley Charter School	Livermore Valley Charter Preparatory High School	Acacia Elementary Charter School	Acacia Middle Charter School	Independence Support, LLC	Eliminations	Total
LIABILITIES AND NET ASSETS							
Current liabilities:							
Deficit cash	$ –	$ –	$ 24,156	$ 14,686	$ –	$ –	$ 38,842
Accounts payable	31,555	11,306	121,217	71,033	975,000	–	1,210,111
Accrued expenses	431,334	171,566	62,427	17,778	2,128,202	(2,128,202)	683,105
Deferred rent	–	–	688,282	–	–	–	688,282
Line of credit	518,044	69,956	75,000	12,000	–	–	675,000
Current portion of notes payable	250,000	–	–	–	305,000	–	555,000
Total current liabilities	1,230,933	252,828	971,082	115,497	3,408,202	(2,128,202)	3,850,340
Long-term liabilities							
Notes payable, net of current portion	41,795,000	–	–	–	25,235,000	–	67,030,000
Bond discount	–	–	–	–	(707,504)	–	(707,504)
Total long-term liabilities	41,795,000	–	971,082	115,497	24,527,496	–	66,322,496
Total liabilities	43,025,933	–			27,935,698	(2,128,202)	70,172,836
Net assets:							
Temporarily restricted	100,588	50,729	–	–	–	–	151,317
Unrestricted	3,029,827	1,164,961	(421,656)	7,320	(1,941,358)	–	1,839,094
Total net assets	3,130,415	1,215,690	(421,656)	7,320	(1,941,358)	–	1,990,411
TOTAL LIABILITIES AND NET ASSETS	$ 46,156,348	$ 1,468,518	$ 549,426	$ 122,817	$ 25,994,340	$ (2,128,202)	$ 72,163,247

The accompanying notes are an integral part of these financial statement.

TRI VALLEY LEARNING CORPORATION
CONSOLIDATED STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2015

	Livermore Valley Charter School	Livermore Valley Charter Preparatory High School	Acacia Elementary Charter School	Acacia Middle Charter School	Independence Support, LLC	Eliminations	Total
PUBLIC SUPPORT AND REVENUE							
Revenue limit sources:							
State apportionments	$ 1,906,910	$ 1,097,872	$ 2,128,228	$ 595,984	$ –	$ –	$ 5,728,994
Education protection account	1,483,001	647,242	54,338	15,566	–	–	2,200,147
In-lieu of property taxes	3,362,169	1,230,339	29,157	8,351	–	–	4,630,016
Federal revenues	178,060	84,947	302,734	44,244	–	–	609,985
State revenues	434,223	148,807	315,112	97,753	–	–	995,895
Local revenues:							
Interest	14	15	5	2	8	–	44
Donations	650,000	160,000	–	–	–	–	810,000
Fundraising	684	81	–	–	–	–	765
Miscellaneous	2,554,021	664,629	812,358	21,371	186,836	(186,836)	4,052,379
Total public support and revenue before transfers	10,569,082	4,033,932	3,641,932	783,271	186,844	(186,836)	19,028,225
Net assets transfer to restrictions	8,312	13,208	–	–	–	–	21,520
Total public support and revenue	10,577,394	4,047,140	3,641,932	783,271	186,844	(186,836)	19,049,745
EXPENSES							
Program services:							
Education	10,732,636	4,378,205	3,766,468	780,056	–	(186,836)	19,470,529
Support services:							
Management and general	781,769	142,729	239,039	6,267	248,018	–	1,417,822
Total expenses	11,514,405	4,520,934	4,005,507	786,323	248,018	(186,836)	20,888,351
Change in unrestricted net assets	(937,011)	(473,794)	(363,575)	(3,052)	(61,174)	–	(1,838,606)
Decrease in temporally restricted net assets	(8,312)	(13,208)	–	–	–	–	(21,250)
CHANGE IN NET ASSETS	(945,323)	(487,002)	(363,575)	(3,052)	(61,174)	–	(1,860,126)
NET ASSETS – BEGINNING OF YEAR	2,850,502	3,183,817	(58,081)	10,372	(1,880,184)	–	4,106,426
PRIOR PERIOD ADJUSTMENT	1,225,236	(1,481,125)	–	–	–	–	(255,889)
NET ASSETS – END OF YEAR	$ 3,130,415	$ 1,215,690	$ (421,656)	$ 7,320	$ (1,941,358)	$ –	$ 1,990,411

The accompanying notes are an integral part of these financial statement.

TRI VALLEY LEARNING CORPORATION
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2015

	Livermore Valley Charter School	Livermore Valley Charter Preparatory High School	Acacia Elementary Charter School	Acacia Middle Charter School	Independence Support, LLC	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Change in net assets	$ (945,323)	$ (487,002)	$ (363,575)	$ (3,052)	$ (61,174)	$ (1,860,126)
Adjustment to reconcile change in net assets to net cash used in operations:						
Depreciation and amortization	1,181,827	–	–	–	–	1,181,827
Prior period adjustment	1,225,236	(1,481,125)	–	–	–	(255,889)
(Increase) decrease in operating assets:						
Accounts receivable	268,596	655,561	(385,726)	(121,980)	–	416,451
Prepaid expenses	–	–	(163,700)	–	(878,392)	(1,042,092)
Other current assets	(1,474,327)	(653,875)	–	–	–	(2,128,202)
Increase (decrease) in operating liabilities:						
Deficit cash	–	–	24,156	14,686	–	38,842
Accounts payable	(403,573)	(129,626)	47,196	69,462	975,000	558,459
Accrued expenses	139,005	(20,664)	28,026	17,778	248,018	412,163
Deferred rent	–	–	688,282	–	–	688,282
Net cash flows provided by (used in) operating activities	(8,559)	(2,116,731)	(125,341)	(23,106)	283,452	(1,990,285)
CASH FLOWS FROM INVESTING ACTIVITIES:						
Purchase of fixed assets	(19,791)	–	–	–	(15,368,162)	(15,387,953)
Net cash flows used in investing activities	$ (19,791)	$ –	$ –	$ –	$ (15,368,162)	$ (15,387,953)

The accompanying notes are an integral part of these financial statement.

TRI VALLEY LEARNING CORPORATION
CONSOLIDATED STATEMENT OF CASH FLOWS (continued)
For the Fiscal Year Ended June 30, 2015

	Livermore Valley Charter School	Livermore Valley Charter Preparatory High School	Acacia Elementary Charter School	Acacia Middle Charter School	Independence Support, LLC	Total
CASH FLOWS FROM FINANCING ACTIVITIES						
Net increase on line of credit	$ 518,044	$ 69,956	$ 75,000	$ 12,000	$ –	$ 675,000
Proceeds from bond issuance, net of bond discount totaling $707,504	–	–	–	–	24,832,496	24,832,496
Principal payments on bonds	(344,716)	–	–	–	–	(344,716)
Bond issuance costs	–	–	–	–	(938,277)	(938,277)
Reclassification of restricted cash	(2,246,013)	–	–	–	–	(2,246,013)
Transfer to restricted cash	–	–	–	–	(8,809,509)	(8,809,509)
Net cash flows provided by (used in) financing activities	(2,072,685)	69,956	75,000	12,000	15,084,710	13,168,981
NET INCREASE (DECREASE) IN CASH	(2,101,035)	(2,046,775)	(50,341)	(11,106)	–	(4,209,257)
CASH AND CASH EQUIVALENTS – BEGINNING OF YEAR	2,103,429	2,061,096	50,341	11,106	–	4,225,972
CASH AND CASH EQUIVALENTS – END OF THE YEAR	$ 2,394	$ 14,321	$ –	$ –	$ –	$ 16,715
SUPPLEMENTARY DISCLOSURE OF CASH FLOW INFORMATION						
Cash paid for interest	$ 1,400,863	$ 517,131	$ –	$ –	$ –	$ 1,917,994

The accompanying notes are an integral part of these financial statement.

1. ORGANIZATION AND MISSION

Tri Valley Learning Corporation (the "Organization") was incorporated on March 10, 2004, under the laws of the State of California's nonprofit public benefit corporation and the Organization was granted its first charter, Livermore Valley Charter School ("LVCS"), by the California State Board of Education on November 10, 2004. As a condition of the charter approval, the California State Board of Education requires that the Organization participate in a special education local plan area ("SELPA") in order to ensure that students with disabilities who attend the charter school receive a free, appropriate public education in compliance with applicable provisions of federal and state laws. An agreement was entered into allowing the Organization to become a member of the El Dorado SELPA, a multiple agency special education local plan area. The agreement sets forth the responsibilities of each party with respect to the delivery and financing of special education instructions and related services to children enrolled in the Organization. On July 9, 2009, the Organization was granted its second charter, Livermore Valley Charter Preparatory High School ("LVCPHS"), by the California State Board of Education. On May 9, 2013, the Organization was granted its third charter, Acacia Elementary Charter School ("AECS"), by the New Jerusalem Elementary School District. On May 9, 2013, the Organization was granted its fourth charter, Acacia Middle Charter School ("AMCS"), by the New Jerusalem Elementary School District.

The Livermore Valley Charter School is a kindergarten through grade 8 charter school and is currently located at 3142 Constitution Drive in Livermore, California.

The Livermore Valley Charter Preparatory High School is a grade 9 through grade 12 charter school, and is currently located at 2451 Portola Avenue in Livermore, California.

The Acacia Elementary Charter School is a kindergarten through grade 5 charter school, and is currently located at 1016 E Bianchi Road in Stockton, California.

The Acacia Middle Charter School is a grade 6 through grade 8 charter school, and is currently located at 1016 E Bianchi Road in Stockton, California.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

These consolidated financial statements include the financial activities of Independence Support, LLC ("IS, LLC"), of which the Organization's Director of Finance is the director of IS, LLC's sole member, Livermore Charter Zone Corporation. IS, LLC was established to manage a bond issuance and purchase of a facility that is to be leased to the Organization and California Preparatory Academy ("CPA"), of which the Organization's Chief Executive Officer is manager.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

The Organization has a memorandum of understanding ("MOU") with CPA in which both organizations are severally and jointly liable for all payments contained in the jointly leased property. The Organization pledges certain revenues received from the operations of AECS and AMCS in support of the lease payments. During the acquisition phase of the IS, LLC bond, the Organization incurred $2,128,202 in expenses and a receivable has been recorded in other current assets on the Statement of Position at June 30, 2015. All significant inter-organizational activity has been eliminated.

IS, LLC is not a part of the Organization. The assets, liabilities and financial operating activities of IS, LLC are wholly attributed to IS, LLC.

Financial Statement Presentation

The financial statements are presented in conformity with Accounting Standards Codification ("ASC") 958-205, *Not-For-Profit Entities – Presentation of Financial Statements*. Under ASC 958-205, the Organization reports information regarding its financial position and activities according to three classes of net assets:

Unrestricted net assets: Unrestricted net assets are available to support all activities of the Organization, and are not subject to donor-imposed stipulations. These generally result from revenues generated by providing services, receiving unrestricted contributions, and receiving interest from investments, less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.

Temporarily restricted net assets: Net assets that are subject to donor-imposed stipulations that will be met either by actions of the Organization and/or the passage of time. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restrictions. There were $151,317 temporarily restricted net assets as of June 30, 2015.

Permanently restricted net assets: Net assets that are subject to donor-imposed stipulations that the restrictions be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on the related investments for general or specific purposes. There were no permanently restricted assets as of June 30, 2015.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounting Method – Basis of Accounting

The financial statements were prepared in accordance with accounting principles generally accepted in the United States of America as applicable to not-for-profit organizations. The Organization uses the accrual basis of accounting, under which revenues are recognized when they are earned and expenses are recognized in the accounting period in which the expense is incurred.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

The Organization is exempt from income taxes under Internal Revenue Code Section 501(c)(3). It is, however, subject to income taxes from activities unrelated to its tax-exempt purpose. The Organization uses the same accounting methods for tax and financial reporting.

Generally accepted accounting principles ("GAAP") provides accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. The Organization's returns are subject to examination by federal and state taxing authorities, generally for three years and four years, respectively, after they are filed.

Cash and cash equivalents

Cash and cash equivalents are from time to time variously composed of cash on hand, cash in banks, and liquid investments with original maturities of three months or less.

Fixed Assets

Fixed assets are recorded at cost and depreciated under the straight-line method over their estimated useful lives of 5 to 10 years. Repair and maintenance costs, which do not extend the useful lives of the asset, are charged to expense. The cost of assets, sold or retired, and related amounts of accumulated depreciation are eliminated from the accounts in the year of disposal, and any resulting gain or loss is included in the earnings. Management has elected to capitalize and depreciate all assets costing $5,000 or more; all other assets are charged to expense in the year incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Bond issuance costs

Costs related to the registration and issuance of bonds are amortized on a straight-line basis over the life of the bonds. The costs, net of accumulated amortization, were $1,182,573 and $938,277 for LVCP and IS, LLC, respectively, at June 30, 2015. Amortization expense at June 30, 2015 was $87,308 and $0 for LVCP and IS, LLC, respectively.

Revenue Sources and Recognition

The Organization receives federal, state and local revenues for the enhancement of various educational programs. This assistance is generally received based on applications submitted to and approved by various granting agencies.

The Organization primarily receives the funds from California Department of Education ("CDE"). Amounts received from the CDE are recognized by the Organization based on the average daily attendance ("ADA") of students.

The Organization recognizes federal revenue to the extent that eligible expenditures have been incurred.

Revenue that is restricted is recorded as an increase in unrestricted net assets if the restriction expires in the reporting period in which the revenue is recognized. All other restricted revenues are reported as increases in temporarily restricted net assets.

Functional Allocation of Expenses

The costs of providing the program services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program services based on employees' time incurred and management's estimates of the usage of resources.

3. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

Cash and cash equivalents at June 30, 2015, consisted of the following:

	LVCS	LVCPHS	Total
Deposits:			
Cash in banks	$ 2,378	$ 14,242	$ 16,620
Cash on hand:			
Petty cash	16	79	95
Total cash and equivalents	$ 2,394	$ 14,321	$ 16,715

Cash in Banks

Cash balances held in banks are insured up to $250,000 by the Federal Deposit Insurance Corporation ("FDIC"). The Organization maintains its cash in bank deposit accounts that at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts. At June 30, 2015, the Organization had no uninsured funds.

Restricted Cash with Fiscal Agent

Restricted cash held with a fiscal agent, Bank of New York ($2,246,013 as of June 30, 2015) is held for the purpose of making up any deficiency in the interest and principal due for the payment or redemption on outstanding bonds.

Restricted cash held with a fiscal agent, US Bank ($8,809,509 at June 30, 2015), is held as follows:

Revenue fund	$ 186,836
Debt service reserve fund	2,017,758
Cost of issuance	12,000
Project fund	6,592,915
	$ 8,809,509

Certain cash equivalent included in restricted cash at financial institutions are insured up to $500,000 by The Securities Investor Protection Corporation ("SIPC"), which includes a $250,000 limit for cash. As of June 30, 2015, the Organization had $10,555,522 of uninsured restricted cash.

4. ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2015, consisted of the following:

	LVCS	LVCPHS	AECS	AMCS	Total
Revenue limit sources:					
State apportionments	$ –	$ –	$ 385,726	$ 122,817	$ 508,543
Education protection account	167,255	92,241	–	–	259,496
In-lieu of property taxes	479,641	–	–	–	479,641
Federal revenues	48,870	26,053	–	–	74,923
State revenues	152,854	39,329	–	–	192,183
Special education	27,061	42,699	–	–	69,760
Local revenues:			–		
California Preparatory Academy	–	600,000	–	–	600,000
	$ 875,681	$ 800,322	$ 385,726	$ 122,817	$ 2,184,546

5. FIXED ASSETS

Fixed assets as of June 30, 2015, consisted of the following:

	LVCS	IS, LLC	Total
Construction in progress	$ –	$ 326,643	$ 326,643
Buildings	43,601,630	15,041,519	58,643,149
Site improvements	341,785	–	341,785
Equipment	59,098	–	59,098
Less: accumulated depreciation	(3,627,284)	–	(3,627,284)
Total fixed assets, net of depreciation	$ 40,375,229	$ 15,368,162	$ 55,743,391

During the fiscal year ended June 30, 2015, $1,094,519 was charged to depreciation expense.

6. LINE OF CREDIT AND STAND-BY LETTER OF CREDIT

Line of Credit

On September 8, 2014, the Organization opened a line of credit with Heritage Bank of Commerce ("Bank") to supplement operating cash flow. The line of credit has a limit of $675,000 with an interest rate of 4.75%, per annum, and was secured by a UCC filing on significantly all its assets. The line of credit has certain covenants, which were not met by the Organization. The Bank did not waive the violations, however, the Bank did not request a remedy under the default provisions. The Organization had an outstanding balance of $675,000 at June 30, 2015. The line of credit matured on September 8, 2015, and was subsequently converted into a four-year term note commencing October 1, 2015, maturing on October 1, 2019.

6. LINE OF CREDIT AND STAND-BY LETTER OF CREDIT (continued)

Stand-by Letter of Credit

On September 8, 2014, the Organization opened a stand-by letter of credit with Heritage Bank of Commerce in favor of the California School Finance Authority Bank of New York Mellon Trust Company, N.A. The stand-by letter of credit has a limit of $200,000 with an interest rate of 5.00%, per annum, and was unsecured. The organization had no outstanding draws of at June 30, 2015. The line of credit was renewed on October 1, 2015, maturing on September 30, 2016.

7. LONG-TERM LIABILITIES

Long-Term Liabilities Activity

Long-term liabilities activity includes debt and other long-term liabilities. Changes in obligations for the fiscal year ended June 30, 2015, are as follows:

	Balance June 30, 2014	Additions	Payments	Balance June 30, 2015	Due in One Year
TVLC Bonds Payable	$ 42,389,716	$ –	$ (344,716)	$ 42,045,000	$ 250,000
IS, LLC Bonds	–	25,540,000	–	25,540,000	305,000
Total	$ 42,389,716	$ 25,540,000	$ (344,716)	$ 67,585,000	$ 555,000

TVLC Bonds Payable

On October 1, 2012, the Organization issued $42,500,000 in Series 2012A and Qualified School Construction Bonds ("2012A Bonds"). The 2012A Bonds were issued with interest rates ranging from 5.50% to 7.00% with $15,000,000 the Qualified School Construction Bonds maturing on June 1, 2036, and Series 2012A maturing on October 1, 2035. Internal Revenue Code Section 6431 describes how, upon designation of the borrower, the tax credits allowable under 54F can be converted into cash subsidy payments from the US Treasury to the borrower. The Organization has an obligation to file Form 8038-TC which is the Organization's way of obtaining the funds for the interest payments that are owed twice a year. If the Organization fails to file the 8038-TC, no subsidy payments will be made. If the Organization does file the form, then under IRC 6431(f) and the provisions of Section 5 of the Site Lease, the US Treasury is obligated to forward the interest payments to the Issuer of the 2012A Bonds.

7. LONG-TERM LIABILITIES (continued)

TVLC Bonds Payable (continued)

A portion of the interest payments below, through 2036, are subsidized by the U.S. Treasury. The annual requirements to amortize the bonds payable, outstanding as of June 30, 2015, are as follows:

Year Ending June 30,	Principal	Interest	Total
2016	$ 250,000	$2,513,213	$2,763,213
2017	270,000	2,495,713	2,765,713
2018	285,000	2,476,813	2,761,813
2019	305,000	2,456,863	2,761,863
2020	330,000	2,435,513	2,765,513
2021-2025	1,990,000	11,824,990	13,814,990
2026-2030	2,780,000	11,040,115	13,820,115
2031-2035	3,895,000	9,928,126	13,823,126
2036-2040	20,445,000	5,428,150	25,873,150
2041-2045	7,635,000	3,026,100	10,661,100
Thereafter	3,860,000	409,850	4,269,850
	$42,045,000	$54,035,446	$96,080,446

IS, LLC Bonds Payable

On May 8, 2015, IS, LLC issued $25,540,000 in Series 2015 Bonds ("2015 Bonds") for the acquisition of and renovation to certain educational facilities. The 2015 Bonds were issued with interest rates ranging from 6.00% to 7.00%, and mature in three tranches at June 1, 2025, June 1, 2035 and June 1, 2045. The 2015 Bonds are secured by a joint lease with Organization and CPA.

The 2015 Bonds are subject to mandatory sinking fund installments and amortization of the 2015 Bond discount as follows:

7. LONG-TERM LIABILITIES (continued)

IS, LLC Bonds Payable (continued)

Year Ending June 30,	Principal	Interest	Total	Discount Amortization Cost
2016	$ 305,000	$ 1,820,075	$ 2,125,075	$ (23,583)
2017	325,000	1,692,475	2,017,475	(23,583)
2018	340,000	1,672,975	2,012,975	(23,583)
2019	365,000	1,652,575	2,017,575	(23,583)
2020	385,000	1,630,675	2,015,675	(23,583)
2021-2025	2,300,000	7,777,775	10,077,775	(117,915)
2026-2030	3,105,000	6,969,575	10,074,575	(117,915)
2031-2035	4,260,000	5,819,400	10,079,400	(117,915)
2036-2040	5,895,000	4,184,950	10,079,950	(117,915)
2041-2045	8,260,000	1,813,350	10,073,350	(117,929)
	$25,540,000	$35,033,825	$ 60,573,825	$ (707,504)

8. EMPLOYEE RETIREMENT SYSTEMS

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Certificated employees are members of the State Teachers' Retirement System ("STRS"), and classified employees are members of the California Public Employees' Retirement System ("CalPERS").

Plan Description and Funding Policy

STRS

Plan Description

The Organization contributes to the State Teachers' Retirement System (STRS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by STRS. Plan information for STRS is not publicly available. The plan provides retirement, disability and survivor benefits to beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law. According to the most recently available Comprehensive Annual Financial Report and Actuarial Valuation Report for the year ended June 30, 2014, total plan assets are $179.7 billion, the total actuarial present value of accumulated plan benefits is $288.0 billion, contributions from all employers totaled $2.2 billion, and the plan is 68.5% funded. The Organization did not contribute more than 5% of the total contributions to the plan.

8. EMPLOYEE RETIREMENT SYSTEMS (continued)

Plan Description (continued)

Copies of the STRS annual financial reports may be obtained from STRS, 7667 Folsom Boulevard, Sacramento, CA 95826 and www.calstrs.com.

Funding Policy

Active plan members are required to contribute 8.15% of their salary and the Organization is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the STRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2014-2015 was 8.88% of annual payroll. The contribution requirements of the plan members are established by state statute. The Organization's contributions to STRS for the fiscal years ending June 30, 2015, 2014, and 2013, were, $709,470, $445,428, and $412,349, respectively, and equal 100% of the required contributions for each fiscal year.

9. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of funds received but not expended as of June 30, 2015, and include the following:

	LVCS	LVCPHS	Total
Proposition 39 – California Clean Jobs Act	$ 100,588	$ 50,729	$ 151,317
Total temporarily restricted net assets	$ 100,588	$ 50,729	$ 151,317

10. OPERATING LEASES

The Organization leases property and equipment under various non-cancelable operating lease agreements.

The Organization entered into an MOU with CPA in which they are jointly and severally liable for the lease with IS, LLC. As stipulated in the MOU, the Organization and CPA determine the allocation of the lease payments on an annual basis prior to July 1. For the fiscal year 2016, the Organization and CPA determined a 10% / 90% allocation, respectively. The future minimum lease payment schedule reflects 10% of total lease payments.

10. OPERATING LEASES (continued)

Future minimum lease payments under the signed lease arrangements are as follows:

Year Ending June 30,	IS, LLC	Other Facilities	Equipment	Total
2016	$ 206,430	$ 1,675,396	$ 424,750	$ 2,306,578
2017	212,623	1,875,510	379,272	2,467,405
2018	219,002	1,930,533	358,992	2,508,527
2019	225,572	1,963,293	48,482	2,237,347
2020	232,339	1,996,709	–	2,229,048
2021-2025	1,270,523	9,606,727	–	10,877,250
2026-2030	1,472,884	9,987,600	–	11,460,484
2031-2035	1,707,478	9,109,499	–	10,816,977
2036-2040	1,979,435	–	–	1,979,435
2041-2045	2,294,707	–	–	2,294,707
	$ 9,820,000	$ 38,145,267	$ 1,211,498	$ 49,177,758

The Organization will receive no sublease rental revenues nor pay any contingent rentals associated with these leases. For the fiscal year ended June 30, 2015, operating lease expense was $1,605,219.

11. COMMITMENTS AND CONTIGENCIES

State Allowances, Awards, and Grants

The Organization has received state funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, management believes that any required reimbursement will not be material.

Compensated Absences

For the fiscal year ended June 30, 2015, there was $438,389 in accrued vacation liability. This amount is included in current liabilities on the Consolidated Statement of Financial Position.

11. COMMITMENTS AND CONTIGENCIES (continued)

Contingent Liability

The Organization is in the process of evaluating a claim from Las Positas Community College, in the amount of $208,000. At June 30, 2015, the Organization has included a liability in accounts payable on the Consolidated Statement of Financial Position of $71,264. Management has determined the liability sufficient at June 30, 2015 until the evaluation is complete.

The Organization is in the process of evaluating a claim from with the City of Livermore estimated in the amount of $85,000. According to management, the claim relates to charges subsequent to year end, and therefore, management has determined not to record a liability at June 30, 2015.

12. PRIOR PERIOD ADJUSTMENT

A prior period adjustment of $1,225,236 on the Consolidated Statement of Activities of LVCS is to reflect the timing of expenditures incurred on behalf of IS, LLC, and to allocate those expenditures between LVCS and LVCPHS.

A prior period adjustment of ($1,481,125) on the Consolidated Statement of Activities of LVCPHS is to reflect the timing of expenditures incurred on behalf of IS, LLC, and to allocate those expenditures between LVCS and LVCPHS.

13. SUBSEQUENT EVENT

The Organization's management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements from the balance sheet date through February 23, 2016, which is the date the financial statements were available to be issued.

On October 1, 2015, the Organization entered into a $800,000 line of credit agreement with Heritage Bank of Commerce, with an interest rate of 4.75%, per annum. The line of credit matures on September 30, 2016.

SUPPLEMENTARY INFORMATION

TRI VALLEY LEARNING CORPORATION
ORGANIZATION
June 30, 2015

Tri Valley Learning Corporation consists of four charter schools:

Livermore Valley Charter School [#1565] (formerly #0678) is a kindergarten through grade 8 charter school and was granted its charter by the California State Board of Education in August of 2005, and has been renewed for a five-year period ending June 30, 2018, pursuant to the terms of the Charter School Act of 1992, as amended.

Livermore Valley Charter Preparatory High School [#1124] is a grade 9 through grade 12 charter high school, serving grade 9, and was granted its charter by the California State Board of Education in July of 2009, and has been renewed for a five-year period ending June 30, 2018, pursuant to the terms of the Charter School Act of 1992, as amended.

Acacia Elementary Charter [#1518] is a kindergarten through grade 5 charter school, and was granted its charter by the New Jerusalem Elementary School District in May of 2013 for a five-year period ending June 30, 2019, pursuant to the terms of the Charter School Act of 1992, as amended.

Acacia Middle Charter [#1519] is a grade 6 through grade 8 charter school, and was granted its charter by the New Jerusalem Elementary School District in May of 2013 for a five-year period ending June 30, 2019, pursuant to the terms of the Charter School Act of 1992, as amended.

The Board of Directors for the fiscal year ended June 30, 2015, was comprised of the following members:

Name	Office	Term	Term Expiration
Tim Hall	President	3 years	December 1, 2016
Scott Lessard	Vice President	3 years	December 1, 2015
John P. Zukoski	Treasurer	3 years	December 1, 2015
Richard Corso	Secretary	3 years	December 1, 2016
David Goulart	Board Member	3 years	December 1, 2018
Hana Colbert	Board Member	3 years	December 1, 2015
Umashankar Meda	Board Member	3 years	December 1, 2016
Jeff Tilton	Board Member	3 years	December 1, 2018
Ken Morris	Board Member	3 years	December 1, 2018

Administration

Name	Position
William Batchelor	Chief Executive Officer
John M. Zukoski	Director of Finance

TRI VALLEY LEARNING CORPORATION
SCHEDULE OF AVERAGE DAILY ATTENDANCE
For the Fiscal Year Ended June 30, 2015

Livermore Valley Charter School

	Second Period Report		Annual Report	
	Classroom Based	**Independent Study**	**Classroom Based**	**Independent Study**
Transitional Kindergarten/ Kindergarten - Grade 3	478.92	2.36	479.27	2.58
Grades 4 - 6	355.58	1.13	355.56	1.12
Grades 7 - 8	234.10	0.42	233.57	0.45
Total	1,068.60	3.91	1,068.40	4.15

The Charter School operates a 99.62% classroom-based program and generates 0.38% ADA from an independent study program.

Livermore Valley Charter Preparatory High School

	Second Period Report		Annual Report	
	Classroom Based	**Independent Study**	**Classroom Based**	**Independent Study**
Grades 9 - 12	391.01	1.46	389.96	1.52
Total	391.01	1.46	389.96	1.52

The Charter School operates a 99.62% classroom-based program and generates 0.38% ADA from an independent study program.

Acacia Elementary Charter

	Second Period Report		Annual Report	
	Classroom Based	**Independent Study**	**Classroom Based**	**Independent Study**
Transitional Kindergarten/ Kindergarten - Grade 3	194.16	0.04	192.62	0.03
Grades 4 - 6	77.89	–	76.35	–
Total	272.05	0.04	268.97	0.03

The Charter School operates a 99.99% classroom-based program and generates 0.01% ADA from an independent study program.

Acacia Middle Charter	Second Period Report	Annual Report
Grades 4 - 6	25.88	25.68
Grades 7 - 8	51.95	50.94
Total	77.83	76.62

The Charter School operates a 100% classroom-based program and generates no ADA from an independent study program.

TRI VALLEY LEARNING CORPORATION
SCHEDULE OF INSTRUCTIONAL TIME
For the Fiscal Year June 30, 2015

Livermore Valley Charter School

Grade Level	1986-87 Minutes Requirements*	2014-2015 Actual Minutes	Number of Days Traditional Calendar	Status
Kindergarten	34,971	43,200	180	In compliance
Grade 1	48,960	53,970	180	In compliance
Grade 2	48,960	54,360	180	In compliance
Grade 3	48,960	56,790	180	In compliance
Grade 4	52,457	57,600	180	In compliance
Grade 5	52,457	58,428	180	In compliance
Grade 6	52,457	59,238	180	In compliance
Grade 7	52,457	59,238	180	In compliance
Grade 8	52,457	59,238	180	In compliance

*As reduced pursuant to the provisions of Education Code Section 46201.2.

Livermore Valley Charter Preparatory High School

Grade Level	1986-87 Minutes Requirements*	2014-2015 Actual Minutes	Number of Days Traditional Calendar	Status
Grade 9	62,949	73,328	180	In compliance
Grade 10	62,949	73,328	180	In compliance
Grade 11	62,949	73,328	180	In compliance

*As reduced pursuant to the provisions of Education Code Section 46201.2.

Acacia Elementary Charter School

Grade Level	1986-87 Minutes Requirements*	2014-2015 Actual Minutes	Number of Days Traditional Calendar	Status
Kindergarten	34,971	58,020	181	In compliance
Grade 1	48,960	63,720	181	In compliance
Grade 2	48,960	63,720	181	In compliance
Grade 3	48,960	63,720	181	In compliance
Grade 4	52,457	66,165	181	In compliance
Grade 5	52,457	64,535	181	In compliance

*As reduced pursuant to the provisions of Education Code Section 46201.2.

Acacia Middle Charter School

Grade Level	1986-87 Minutes Requirements*	2014-2015 Actual Minutes	Number of Days Traditional Calendar	Status
Grade 6	52,457	62,497	175	In compliance
Grade 7	52,457	62,497	175	In compliance
Grade 8	52,457	62,497	175	In compliance

*As reduced pursuant to the provisions of Education Code Section 46201.2.

TRI VALLEY LEARNING CORPORATION
CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year June 30, 2015

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture			
Passed Through California Department of Education:			
Child Nutrition Program	10.555	13391	$ 124,422
Total U. S. Department of Education			124,422
U.S. Department of Agriculture			
Passed Through California Department of Education:			
NCLB: Title I, Part A, Basic grants Low-income and neglected	84.010	14329	141,076
NCLB: Title V, Part B, Public Charter Schools Grant program (PCSGP)	84.282A	14941	137,610
Special Ed: IDEA Mental Health Allocation Plan Part B, Sec 611	84.027	13379	10,371
Special Ed: IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	196,506
Total U. S. Department of Agriculture			485,563
Total Expenditures Federal Awards			$ 609,985

1. BASIS OF PRESENATION

The accompanying schedule of expenditure of federal awards includes the federal grant activity of Tri-Valley Learning Corporation and is presented on the accrual basis of accounting. The Information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.*

TRI VALLEY LEARNING CORPORATION
SCHEDULE OF FUNCTIONAL EXPENSES
For the Fiscal Year June 30, 2015

Livermore Valley Charter School

	Program Services	Support Services	
	Education	Management and General	Total
Certificated salaries	$ 4,122,360	$ –	$ 4,122,360
Classified salaries	912,971	323,325	1,236,296
Employee benefits	1,114,914	49,167	1,164,081
Books and supplies	312,495	83,096	395,591
Travel and conferences	13,612	–	13,612
Dues and memberships	16,025	–	16,025
Insurance	40,974	–	40,974
Operation and housekeeping services	379,355	–	379,355
Rental, leases, repairs, and non-capitalized improvements	858,685	–	858,685
Professional/consulting services and operating expenditures	255,211	326,181	581,392
Communications	123,344	–	123,344
Interest	1,400,863	–	1,400,863
Depreciation and amortization	1,181,827	–	1,181,827
Total expenses	$ 10,732,636	$ 781,769	$ 11,514,405

Livermore Valley Charter Preparatory High School

	Program Services	Support Services	
	Education	Management and General	Total
Certificated salaries	$ 2,015,575	$ –	$ 2,015,575
Classified salaries	256,442	–	256,442
Employee benefits	410,415	–	410,415
Books and supplies	299,577	13,351	312,928
Dues and memberships	1,781	–	1,781
Insurance	39,513	–	39,513
Operation and housekeeping services	139,571	–	139,571
Rental, leases, repairs, and non-capitalized improvements	211,750	–	211,750
Professional/consulting services and operating expenditures	466,887	129,378	596,265
Communications	19,563	–	19,563
Interest	517,131	–	517,131
Total expenses	$ 4,378,205	$ 142,729	$ 4,520,934

Acacia Elementary Charter School

	Program Services	Support Services	
	Education	Management and General	Total
Certificated salaries	$ 1,065,739	$ –	$ 1,065,739
Classified salaries	316,127	–	316,127
Employee benefits	460,097	–	460,097
Books and supplies	244,867	40,824	285,691
Travel and conferences	695	–	695
Operation and housekeeping services	122,188	–	122,188
Rental, leases, repairs, and non-capitalized improvements	1,054,019	–	1,054,019
Professional/consulting services and operating expenditures	378,909	198,215	577,124
Communications	123,827	–	123,827
Total expenses	$ 3,766,468	$ 239,039	$ 4,005,507

Acacia Middle Charter

	Program Services	Support Services	
	Education	Management and General	Total
Certificated salaries	$ 157,169	$ –	$ 157,169
Classified salaries	44,237	–	44,237
Employee benefits	18,293	–	18,293
Books and supplies	59,258	6,153	65,411
Operation and housekeeping services	4,807	–	4,807
Rental, leases, repairs, and non-capitalized improvements	120,627	–	120,627
Professional/consulting services and operating expenditures	349,759	114	349,873
Communications	25,906	–	25,906
Total expenses	$ 780,056	$ 6,267	$ 786,323

TRI VALLEY LEARNING CORPORATION
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT – – ALTERNATIVE FORM WITH AUDITED FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

	LVCS	LVCPHS	AECS	AMCS
June 30 ,2015, Charter School Unaudited Actuals Financial Report – – Alternative Form, Ending Fund Balance	$ 2,237,377	$ 3,625,078	$ 17,656	$ 4,629
Adjustments and reclassifications:				
Cash and cash equivalents (overstatement)	(267,011)	(1,899,357)	(55,257)	(33,708)
Accounts receivable (overstatement) understatement	–	(204,065)	139,693	32,041
Other current assets (overstatement) understatement	1,474,327	(323,123)	163,700	–
Fixed assets (overstatement)	(1,400,822)	–	–	–
Other non-current assets understatement	1,182,573	–	–	–
Accounts payable overstatement	166,857	17,156	835	16,357
Deferred rent (understatement)	–	–	(688,282)	–
Current loans (understatement)	(512,886)	–	–	(12,000)
Long-term liabilities overstatement	250,000	–	–	–
Rounding	–	1	(1)	1
Net adjustments and reclassification	893,038	(2,409,388)	(439,312)	2,691
June 30, 2015, audited financial statement net assets	$ 3,130,415	$ 1,215,690	$ (421,656)	$ 7,320

OTHER INDEPENDENT AUDITOR'S REPORTS

squarmilner
Certified Public Accountants
and Financial Advisors

Squar Milner LLP

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Tri Valley Learning Corporation
Livermore, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Tri Valley Learning Corporation (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2015, and the related consolidated statements of activities and cash flows for the fiscal year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 23, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Tri Valley Learning Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Tri Valley Learning Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of Tri Valley Learning Corporation's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's consolidated financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs (finding number 2015-01) to be a material weakness.

Internal Control Over Financial Reporting (continued)

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Tri Valley Learning Corporation's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Tri Valley Learning Corporation's Response to Findings

Tri Valley Learning Corporation's response to the finding identified in our audit are described in the accompanying schedule of findings and questioned costs. Tri Valley Learning Corporation's response was not subjected to the auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Squar Milner LLP

SQUAR MILNER LLP

San Diego, California
February 23, 2016

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Board of Directors
Tri Valley Learning Corporation
Livermore, California

Report on Compliance for Each Major Federal Program

We have audited Tri Valley Learning Corporation's (a nonprofit organization) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Tri Valley Learning Corporation's major federal programs for the fiscal year ended June 30, 2015. Tri Valley Learning Corporation's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Tri Valley Learning Corporation's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Tri Valley Learning Corporation's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Tri Valley Learning Corporation's compliance.

Opinion on Each Major Federal Program

In our opinion, Tri Valley Learning Corporation complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of Tri Valley Learning Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Tri Valley Learning Corporation's internal control over compliance with requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Tri Valley Learning Corporation's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Squar Milner LLP

SQUAR MILNER LLP

San Diego, California
February 23, 2016

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Board of Directors
Tri Valley Learning Corporation
Livermore, California

Report on Compliance for Each State Program

We have audited Tri Valley Learning Corporation's compliance with the types of compliance requirements described in the 2014-15 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting, published by the Education Audit Appeals Panel, that could have a direct and material effect on each of Tri Valley Learning Corporation's state programs for the fiscal year ended June 30, 2015. Tri Valley Learning Corporation's state programs are identified below.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Tri Valley Learning Corporation's state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the State's Audit Guide, 2014-15 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting, published by the Education Audit Appeals Panel. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a state program occurred. An audit includes examining, on a test basis, evidence about Tri Valley Learning Corporation's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each state program. However, our audit does not provide a legal determination of Tri Valley Learning Corporation's compliance. In connection with the audit referred to above, we selected transactions and records to determine the Organization's compliance with the state laws and regulations applicable to the following items:

Description	Procedures Performed
California Clean Energy Jobs Act	Yes
After School Education and Safety Program	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Common Core Implementation Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instruction/Independent Study for Charter Schools	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction	Not Applicable
Annual Instructional Minutes - Classroom Based	Yes
Charter School Facility Grant Program	Yes

The term "Not Applicable" is used above to mean either that the Organization did not offer the program during the current fiscal year, or that the program applies only to a different type of local education agency.

Opinion on State Programs (Qualified Opinion)

Basis for Qualified Opinion on Common Core Implementation Funds

As described in the accompanying schedule of findings and questioned costs, finding number 2015-02, Tri Valley Learning Corporation did not comply with requirements regarding Common Cove Implementation Funds. Compliance with such requirements is necessary, in our opinion, for the Tri Valley Learning Corporation to comply with the requirements applicable to that program.

Qualified Opinion on Common Core Implementation Funds

In our opinion, except for the non-compliance described in the "Basis for Qualified Opinion" paragraph, Tri Valley Learning Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Common Core Implementation Funds for the fiscal year ended June 30, 2015.

Unmodified Opinion on Each of the Other State Programs

In our opinion, except for the non-cpompliance described in the "Basis for Qualified Opinion" paragraph, Tri Valley Learning Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other state programs for the fiscal year ended June 30, 2015.

Other Matters

Tri Valley Learning Corporation's response to the non-compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Tri Valley Learning Corporation's response was not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the response.

The purpose of this report on state compliance is solely to describe the scope of our testing of state compliance and the results of that testing based on the requirements of *2014-15 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Squar Milner LLP

SQUAR MILNER LLP

San Diego, California
February 23, 2016

FINDINGS AND RECOMMENDATIONS

TRI VALLEY LEARNING CORPORATION
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2015

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
One or more material weakness identified?	X Yes ___ No
One or more significant deficiencies identified the are not considered to be material weakness?	___ Yes X None Reported
Noncompliance material to financial statements noted?	___ Yes X No

2. Federal Awards

Internal control over major programs:	
One or more material weakness identified?	___ Yes X No
One or more significant deficiencies identified the are not considered to be material weakness?	___ Yes X None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section .510(a) or Circular A-133?	___ Yes X No

Identification of major programs:

CDFA Number(s)	Name of Federal Program or Cluster
84.010	NCBL: Title I, Part A, Basic grants low-income and neglected
84.282A	NCBL: Title V, Part B – Public charter schools grant program
84024	SPECIAL ED: IDEA Basic local assistance entitlement Part B, Sec 611

Dollar threshold used to distinguish between type A and type B programs:	$300,000
Auditee qualified as low-risk auditee?	___ Yes X No

A. Summary of Auditor's Results (continued)

3. State Awards

Internal control over state programs:

One or more material weakness identified	___ Yes _X_ No
One or more significant deficiencies identified the are not considered to be material weakness?	___ Yes _X_ None Reported
Type of auditor's report issued on compliance for state programs:	Qualified

B. Financial Statement Findings

Finding 2015-01
30000 Internal Control

(1) Criteria
All of the Organization's accounts should be reconciled in a timely basis

(2) Condition
The Organization did not prepare the reconciliation of the following accounts on a timely basis: cash, accounts receivables, prepaid expenses, deposits, fixed assets and accrued liabilities. Based on the timeline of events, it does not appear that sufficient internal controls were in place in order to detect errors and deter fraud.

(3) Effect
The Organization was exposed to significant risk of material misstatement of the financial statements and fraud because sufficient internal controls were not in place.

(4) Cause
Reconciliations were not prepared timely. There was a change in the personnel resulting in delayed reconciliations and lost accounting records.

(5) Recommendation
We recommend that staff responsibilities for these accounts be trained on proper documentation and preparation of reconciliation to avoid possible misstatements.

(6) Organization's Response
The Organization has hired new staff and put in place training and review procedures in order to ensure timely and accurate reconciliations.

C. Federal Award Findings and Questioned Costs

None

D. State Award Findings and Questioned Costs

Finding 2015-02
40000 State Compliance

(1) Criteria
Common Core funds should have been expended on professional development, as per the approved plan.

(2) Condition
The Organization completed all the requirements relating to the approval to spend Common Core funds, including the public meetings, and the creation and approval of a plan. The plan called for the Common Core funds to be expended solely on professional development, however, it was noted during the audit that the funds were also used to purchase Common Core materials and technology. The Organization reported to the California Department of Education indicating that the funds were expended solely on professional development.

(3) Effect
There should be no effect on the Organization.

(4) Cause
The Organization did not maintain clear records relating to expending the funds solely on professional development.

(5) Recommendation
We recommend that if the Organization receives funds that have specific expenditure criteria, that the Organization maintain a better record system and tracking through the accounting software.

(6) Organization's Response
The Organization will put in process proper record keeping procedures.

TRI VALLEY LEARNING CORPORATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
June 30, 2015

Findings/Recommendations	Current Status	Management's Explanation if Not Implemented
None	N/A	N/A

APPENDIX F:

Statement of Financial Affairs for Non-Individuals Filing for Bankruptcy, dated January 13, 2017 (Form 207)

Fill in this information to identify the case:

Debtor name Tri-Valley Learning Corporation

United States Bankruptcy Court for the: NORTHERN DISTRICT OF CALIFORNIA

Case number (if known) 16-43112

☐ Check if this is an amended filing

Official Form 207
Statement of Financial Affairs for Non-Individuals Filing for Bankruptcy 04/16

The debtor must answer every question. If more space is needed, attach a separate sheet to this form. On the top of any additional pages, write the debtor's name and case number (if known).

Part 1: Income

1. **Gross revenue from business**

☐ None.

Identify the beginning and ending dates of the debtor's fiscal year, which may be a calendar year	Sources of revenue Check all that apply	Gross revenue (before deductions and exclusions)
From the beginning of the fiscal year to filing date: From **7/01/2016** to **Filing Date**	■ Operating a business ☐ Other ______	**$3,204,524.00**

2. **Non-business revenue**
Include revenue regardless of whether that revenue is taxable. *Non-business income* may include interest, dividends, money collected from lawsuits, and royalties. List each source and the gross revenue for each separately. Do not include revenue listed in line 1.

■ None.

	Description of sources of revenue	Gross revenue from each source (before deductions and exclusions)

Part 2: List Certain Transfers Made Before Filing for Bankruptcy

3. **Certain payments or transfers to creditors within 90 days before filing this case**
List payments or transfers--including expense reimbursements--to any creditor, other than regular employee compensation, within 90 days before filing this case unless the aggregate value of all property transferred to that creditor is less than $6,425. (This amount may be adjusted on 4/01/19 and every 3 years after that with respect to cases filed on or after the date of adjustment.)

☐ None.

Creditor's Name and Address	Dates	Total amount of value	Reasons for payment or transfer *Check all that apply*
3.1. *	**See Attachment 3**	**$0.00**	☐ Secured debt ☐ Unsecured loan repayments ☐ Suppliers or vendors ☐ Services ☐ Other__

4. **Payments or other transfers of property made within 1 year before filing this case that benefited any insider**
List payments or transfers, including expense reimbursements, made within 1 year before filing this case on debts owed to an insider or guaranteed or cosigned by an insider unless the aggregate value of all property transferred to or for the benefit of the insider is less than $6,425. (This amount may be adjusted on 4/01/19 and every 3 years after that with respect to cases filed on or after the date of adjustment.) Do not include any payments listed in line 3. *Insiders* include officers, directors, and anyone in control of a corporate debtor and their relatives; general partners of a partnership

debtor and their relatives; affiliates of the debtor and insiders of such affiliates; and any managing agent of the debtor. 11 U.S.C. § 101(31).

☐ None.

Insider's name and address Relationship to debtor	Dates	Total amount of value	Reasons for payment or transfer
4.1. *	See Attachment 4	$9,861.52	

5. **Repossessions, foreclosures, and returns**
List all property of the debtor that was obtained by a creditor within 1 year before filing this case, including property repossessed by a creditor, sold at a foreclosure sale, transferred by a deed in lieu of foreclosure, or returned to the seller. Do not include property listed in line 6.

■ None

Creditor's name and address	Describe of the Property	Date	Value of property

6. **Setoffs**
List any creditor, including a bank or financial institution, that within 90 days before filing this case set off or otherwise took anything from an account of the debtor without permission or refused to make a payment at the debtor's direction from an account of the debtor because the debtor owed a debt.

■ None

Creditor's name and address	Description of the action creditor took	Date action was taken	Amount

Part 3: Legal Actions or Assignments

7. **Legal actions, administrative proceedings, court actions, executions, attachments, or governmental audits**
List the legal actions, proceedings, investigations, arbitrations, mediations, and audits by federal or state agencies in which the debtor was involved in any capacity—within 1 year before filing this case.

☐ None.

	Case title Case number	Nature of case	Court or agency's name and address	Status of case
7.1.	Advantel, Inc. vs. Tri-Valley Learning Corporation 16-CV-300523	Breach of Contract	Santa Clara County Superior Court - CA 191 N. First Street San Jose, CA 95113	■ Pending ☐ On appeal ☐ Concluded
7.2.	California State Auditor, 2016-141	Audit re oversight and monitoring of Acacia Elementary Charter School	California State Auditor 621 Capitol Mall Suite 1200 Sacramento, CA 95814	■ Pending ☐ On appeal ☐ Concluded
7.3.	Fiscal Crisis & Management Assistance Team	AB 139 Extraordinary Audit	Fiscal Crisis & Management Assistance 1300 17th Street City Centre Bakersfield, CA 93301-4533	■ Pending ☐ On appeal ☐ Concluded
7.4.	Jane Doe v. Tri-Valley Learning Corporation RG15789012 consolidated with RG16817278	Personal Injury	Alameda County Superior Court 1225 Fallon Street Oakland, CA 94612	■ Pending ☐ On appeal ☐ Concluded

	Case title Case number	Nature of case	Court or agency's name and address	Status of case
7.5.	Livermore Valley Joint Unified School District	LVJUSD's Denial of LVCS and LVCP Renewal Charters	Alameda County Office of Education 313 W. Winton Ave. Hayward, CA 94544	☐ Pending ■ On appeal ☐ Concluded
7.6.	McGraw-Hill Education v. Tri-Valley Learning Corporation RG 16826741	Complaint for money due for goods and/or services	Alameda County Superior Court 1225 Fallon Street Oakland, CA 94612	■ Pending ☐ On appeal ☐ Concluded
7.7.	New Jerusalem Elementary School District	NJESD's Denial of AECS and AMCS Renewal Charters	California State Board of Education 1430 N. Street Suite 5111 Sacramento, CA 95814	☐ Pending ■ On appeal ☐ Concluded
7.8.	Office of Administrative Hearings, State of California, Special Education Division 2016080860	Special Education	Office of Administrative Hearings 2349 Gateway Oaks Drive Suite 200 Sacramento, CA 95833	☐ Pending ☐ On appeal ■ Concluded
7.9.	Office of Administrative Hearings, State of California, Special Education Division 2016120184	Special Education	Office of Administrative Hearings 2349 Gateway Oaks Drive Sacramento, CA 95833	☐ Pending ☐ On appeal ■ Concluded
7.10.	Old Town Academy v. Tri-Valley Learning Corporation 37-2015-00018828-CU-MC-CT L	Breach of Fiduciary Duty, Violation of Ralph M. Brown Act, Conversion, Preliminary and Permanent Injunction, Declaratory Relief	San Diego County Superior Court 220 West Broadway San Diego, CA 92101	■ Pending ☐ On appeal ☐ Concluded
7.11.	Public Employment Relations Board SF-RR-976-EE	Request for Union Recognition	CA Public Employment Relations Board San Francisco Regional Office 1330 Broadway Suite 1532 Oakland, CA 94612-2514	☐ Pending ☐ On appeal ■ Concluded
7.12.	Public Employment Relations Board SF-RR-977-EE	Request for Union Recognition	CA Public Employment Relations Board San Francisco Regional Office 1330 Broadway Suite 1532 Oakland, CA 94612-2514	☐ Pending ☐ On appeal ■ Concluded
7.13.	Sandie Khatkar, et al. v. Tri-Valley Learning Corporation RG16812289	Labor and Wage dispute	Alameda County Superior Court 1225 Fallon Street Oakland, CA 94612	☐ Pending ☐ On appeal ■ Concluded

	Case title Case number	Nature of case	Court or agency's name and address	Status of case
7.14	Tri-Valley Learning Corporation, et al. v. Donahue 37-2015-00019453-CU-OE-CTL	Consolidated with Old Town Academy v. Tri-Valley	San Diego Superior Court 220 West Broadway San Diego, CA 92101	■ Pending ☐ On appeal ☐ Concluded
7.15	Tri-Valley Learning Corporation vs. New Jerusalem Elementary School District STK-CV UWM-2016-0007774	Injunctive Relief	San Joaquin County Superior Court - CA 222 E. Weber Ave. #303 Stockton, CA 95202	■ Pending ☐ On appeal ☐ Concluded
7.16	Wells Fargo Financial Leasing, Inc. v. Tri-Valley Learning Corporation LACK 134505		Iowa District Court for Polk County Polk County Courthouse 500 Mulberry Street #408 Des Moines, IA 50309	☐ Pending ☐ On appeal ■ Concluded
7.17	Western Association of Schools and Colleges	Accreditation appeal	Western Association of Schools and Colle 533 Airport Blvd. Suite 200 Burlingame, CA 94010-2009	■ Pending ☐ On appeal ☐ Concluded

8. Assignments and receivership

List any property in the hands of an assignee for the benefit of creditors during the 120 days before filing this case and any property in the hands of a receiver, custodian, or other court-appointed officer within 1 year before filing this case.

■ None

Part 4: Certain Gifts and Charitable Contributions

9. List all gifts or charitable contributions the debtor gave to a recipient within 2 years before filing this case unless the aggregate value of the gifts to that recipient is less than $1,000

■ None

Recipient's name and address	Description of the gifts or contributions	Dates given	Value

Part 5: Certain Losses

10. All losses from fire, theft, or other casualty within 1 year before filing this case.

■ None

Description of the property lost and how the loss occurred	Amount of payments received for the loss If you have received payments to cover the loss, for example, from insurance, government compensation, or tort liability, list the total received. List unpaid claims on Official Form 106A/B *(Schedule A/B: Assets – Real and Personal Property).*	Dates of loss	Value of property lost

Part 6: Certain Payments or Transfers

11. Payments related to bankruptcy

List any payments of money or other transfers of property made by the debtor or person acting on behalf of the debtor within 1 year before the filing of this case to another person or entity, including attorneys, that the debtor consulted about debt consolidation or restructuring, seeking bankruptcy relief, or filing a bankruptcy case.

☐ None.

Who was paid or who received the transfer? Address	If not money, describe any property transferred	Dates	Total amount or value
11.1. Pachulski Stang Ziehl & Jones LLP 10100 Santa Monica Blvd. 13th Floor Los Angeles, CA 90067		11/03/16	$150,000.00

Email or website address
www.pszjlaw.com

Who made the payment, if not debtor?

11.2. Procopio, Cory, Hargreaves & Savitch LLP 525 B Street, Ste 200 San Diego, CA 92101-4469		11/03/16	$150,000.00

Email or website address
www.procopio.com

Who made the payment, if not debtor?

12. **Self-settled trusts of which the debtor is a beneficiary**
List any payments or transfers of property made by the debtor or a person acting on behalf of the debtor within 10 years before the filing of this case to a self-settled trust or similar device.
Do not include transfers already listed on this statement.

■ None.

Name of trust or device	Describe any property transferred	Dates transfers were made	Total amount or value

13. **Transfers not already listed on this statement**
List any transfers of money or other property by sale, trade, or any other means made by the debtor or a person acting on behalf of the debtor within 2 years before the filing of this case to another person, other than property transferred in the ordinary course of business or financial affairs. Include both outright transfers and transfers made as security. Do not include gifts or transfers previously listed on this statement.

■ None.

Who received transfer? Address	Description of property transferred or payments received or debts paid in exchange	Date transfer was made	Total amount or value

Part 7: Previous Locations

14. **Previous addresses**
List all previous addresses used by the debtor within 3 years before filing this case and the dates the addresses were used.

☐ Does not apply

Address	Dates of occupancy From-To
14.1. 2451 Portola Ave. Livermore, CA 94551	July 2010 - September 2016
14.2. 7901 Stoneridge Dr. Suite 211 Fremont, CA 94538	September 2015 - June 2016

Part 8: Health Care Bankruptcies

15. **Health Care bankruptcies**
Is the debtor primarily engaged in offering services and facilities for:
- diagnosing or treating injury, deformity, or disease, or
- providing any surgical, psychiatric, drug treatment, or obstetric care?

■ No. Go to Part 9.
☐ Yes. Fill in the information below.

Facility name and address	Nature of the business operation, including type of services the debtor provides	If debtor provides meals and housing, number of patients in debtor's care

Part 9: Personally Identifiable Information

16. **Does the debtor collect and retain personally identifiable information of customers?**

☐ No.
■ Yes. State the nature of the information collected and retained.

Personal information relating to minor students

Does the debtor have a privacy policy about that information?
☐ No
■ Yes

17. **Within 6 years before filing this case, have any employees of the debtor been participants in any ERISA, 401(k), 403(b), or other pension or profit-sharing plan made available by the debtor as an employee benefit?**

☐ No. Go to Part 10.
■ Yes. Does the debtor serve as plan administrator?

☐ No Go to Part 10.
■ Yes. Fill in below:
Name of plan
California State Teachers' Retirement System
Employer identification number of the plan
EIN: 34-1984585

Has the plan been terminated?
■ No
☐ Yes

☐ No Go to Part 10.
■ Yes. Fill in below:
Name of plan
Tax-sheltered Annuity 403(b)
Employer identification number of the plan
EIN: 34-1984585

Has the plan been terminated?
■ No
☐ Yes

Part 10: Certain Financial Accounts, Safe Deposit Boxes, and Storage Units

18. Closed financial accounts
Within 1 year before filing this case, were any financial accounts or instruments held in the debtor's name, or for the debtor's benefit, closed, sold, moved, or transferred?
Include checking, savings, money market, or other financial accounts; certificates of deposit; and shares in banks, credit unions, brokerage houses, cooperatives, associations, and other financial institutions.

■ None

Financial Institution name and Address	Last 4 digits of account number	Type of account or instrument	Date account was closed, sold, moved, or transferred	Last balance before closing or transfer

19. Safe deposit boxes
List any safe deposit box or other depository for securities, cash, or other valuables the debtor now has or did have within 1 year before filing this case.

■ None

Depository institution name and address	Names of anyone with access to it Address	Description of the contents	Do you still have it?

20. Off-premises storage
List any property kept in storage units or warehouses within 1 year before filing this case. Do not include facilities that are in a part of a building in which the debtor does business.

■ None

Facility name and address	Names of anyone with access to it	Description of the contents	Do you still have it?

Part 11: Property the Debtor Holds or Controls That the Debtor Does Not Own

21. Property held for another
List any property that the debtor holds or controls that another entity owns. Include any property borrowed from, being stored for, or held in trust. Do not list leased or rented property.

■ None

Part 12: Details About Environment Information

For the purpose of Part 12, the following definitions apply:

Environmental law means any statute or governmental regulation that concerns pollution, contamination, or hazardous material, regardless of the medium affected (air, land, water, or any other medium).

Site means any location, facility, or property, including disposal sites, that the debtor now owns, operates, or utilizes or that the debtor formerly owned, operated, or utilized.

Hazardous material means anything that an environmental law defines as hazardous or toxic, or describes as a pollutant, contaminant, or a similarly harmful substance.

Report all notices, releases, and proceedings known, regardless of when they occurred.

22. Has the debtor been a party in any judicial or administrative proceeding under any environmental law? Include settlements and orders.

■ No.
☐ Yes. Provide details below.

Case title Case number	Court or agency name and address	Nature of the case	Status of case

23. Has any governmental unit otherwise notified the debtor that the debtor may be liable or potentially liable under or in violation of an environmental law?

■ No.
☐ Yes. Provide details below.

Site name and address	Governmental unit name and address	Environmental law, if known	Date of notice

24. Has the debtor notified any governmental unit of any release of hazardous material?

■ No.
☐ Yes. Provide details below.

Site name and address	Governmental unit name and address	Environmental law, if known	Date of notice

Part 13: Details About the Debtor's Business or Connections to Any Business

25. Other businesses in which the debtor has or has had an interest
List any business for which the debtor was an owner, partner, member, or otherwise a person in control within 6 years before filing this case.
Include this information even if already listed in the Schedules.

■ None

Business name address	Describe the nature of the business	Employer Identification number Do not include Social Security number or ITIN. Dates business existed

26. Books, records, and financial statements
26a. List all accountants and bookkeepers who maintained the debtor's books and records within 2 years before filing this case.
☐ None

	Name and address	Date of service From-To
26a.1.	Charter School Management Corporation 43460 Ridge Park Drive Suite 100 Temecula, CA 92590	April 2016 - December 2016
26a.2.	Charter Impact, Inc. 15260 Ventura Blvd. Suite 1700 Sherman Oaks, CA 91403	October 2016 - present
26a.3.	Tri-Valley Learning Corporation 3252 Constitution Drive Livermore, CA 94551	2014-2016

26b. List all firms or individuals who have audited, compiled, or reviewed debtor's books of account and records or prepared a financial statement within 2 years before filing this case.

☐ None

	Name and address	Date of service From-To
26b.1.	Squar Milner 1111 Santa Monica Blvd. Suite 800 Los Angeles, CA 90025	11/2014 - 11/2016

26c. List all firms or individuals who were in possession of the debtor's books of account and records when this case is filed.

☐ None

Name and address	If any books of account and records are unavailable, explain why

Name and address		If any books of account and records are unavailable, explain why
26c.1.	Charter Impact, Inc. 15260 Ventura Blvd. Suite 1700 Sherman Oaks, CA 91403	
26c.2.	Charter School Management Corporation 43460 Ridge Park Drive Suite 100 Temecula, CA 92590	

26d. List all financial institutions, creditors, and other parties, including mercantile and trade agencies, to whom the debtor issued a financial statement within 2 years before filing this case.

☐ None

Name and address	
26d.1.	Alameda County Office of Education 313 West Winton Ave. Hayward, CA 94544
26d.2.	San Joaquin County Office of Education 2901 Arch Airport Road Stockton, CA 95206
26d.3.	Livermore Valley Joint Unified School District 685 East Jasck London Blvd. Livermore, CA 94551
26d.4.	New Jerusalem Elementary School District 31400 S. Koster Road Tracy, CA 95304
26d.5.	California Department of Education 1430 N Street Sacramento, CA 95814-5901

27. **Inventories**
Have any inventories of the debtor's property been taken within 2 years before filing this case?

■ No
☐ Yes. Give the details about the two most recent inventories.

Name of the person who supervised the taking of the inventory	Date of inventory	The dollar amount and basis (cost, market, or other basis) of each inventory

28. **List the debtor's officers, directors, managing members, general partners, members in control, controlling shareholders, or other people in control of the debtor at the time of the filing of this case.**

Name	Address	Position and nature of any interest	% of interest, if any
Lynn Lysko	3252 Constitution Drive Livermore, CA 94551	Chief Executive Officer	

Name	Address	Position and nature of any interest	% of interest, if any
Scott Lessard	3252 Constitution Drive Livermore, CA 94551	Board Member	

Name	Address	Position and nature of any interest	% of interest, if any
Dave Goulart	3252 Constitution Drive Livermore, CA 94551	Board Member	

Name	Address	Position and nature of any interest	% of interest, if any
Stacy Harrison	3252 Constitution Drive Livermore, CA 94551	Board Member	

29. Within 1 year before the filing of this case, did the debtor have officers, directors, managing members, general partners, members in control of the debtor, or shareholders in control of the debtor who no longer hold these positions?

☐ No

■ Yes. Identify below.

Name	Address	Position and nature of any interest	Period during which position or interest was held
Bill Batchelor		CEO, COO	

Name	Address	Position and nature of any interest	Period during which position or interest was held
Hannah Colbert		Board Member	

Name	Address	Position and nature of any interest	Period during which position or interest was held
Dick Corso		Board Member	

Name	Address	Position and nature of any interest	Period during which position or interest was held
Tim Hall		Board President	

Name	Address	Position and nature of any interest	Period during which position or interest was held
Kristin Kohn		Board Member	

Name	Address	Position and nature of any interest	Period during which position or interest was held
Catherine Lewis		Board Member	

Name	Address	Position and nature of any interest	Period during which position or interest was held
Umashanker Meda		Board Member	

Name	Address	Position and nature of any interest	Period during which position or interest was held
Ken Morris		Board Member	

Name	Address	Position and nature of any interest	Period during which position or interest was held
Jeff Tilton		Board Member	

Name	Address	Position and nature of any interest	Period during which position or interest was held
Tristan Pico		Board Member	

Name	Address	Position and nature of any interest	Period during which position or interest was held
John Zukowski		Director of Finance, Interim CEO	

30. **Payments, distributions, or withdrawals credited or given to insiders**
Within 1 year before filing this case, did the debtor provide an insider with value in any form, including salary, other compensation, draws, bonuses, loans, credits on loans, stock redemptions, and options exercised?

☐ No
■ Yes. Identify below.

	Name and address of recipient	Amount of money or description and value of property	Dates	Reason for providing the value
30.1	See Attachment 4			
	Relationship to debtor			

31. **Within 6 years before filing this case, has the debtor been a member of any consolidated group for tax purposes?**

■ No
☐ Yes. Identify below.

Name of the parent corporation	Employer Identification number of the parent corporation

32. **Within 6 years before filing this case, has the debtor as an employer been responsible for contributing to a pension fund?**

☐ No
■ Yes. Identify below.

Name of the parent corporation	Employer Identification number of the parent corporation
Tri-Valley Learning Corporation	EIN: 34-1984585

Part 14: Signature and Declaration

WARNING -- Bankruptcy fraud is a serious crime. Making a false statement, concealing property, or obtaining money or property by fraud in connection with a bankruptcy case can result in fines up to $500,000 or imprisonment for up to 20 years, or both. 18 U.S.C. §§ 152, 1341, 1519, and 3571.

I have examined the information in this *Statement of Financial Affairs* and any attachments and have a reasonable belief that the information is true and correct.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on 1.13.17

Dr. Lynn Lysko

Signature of individual signing on behalf of the debtor

Lynn Lysko, ED. D

Printed name

Position or relationship to debtor **Chief Executive Officer**

Are additional pages to *Statement of Financial Affairs for Non-Individuals Filing for Bankruptcy* (Official Form 207) attached?

☐ No

■ Yes

Tri-Valley Learning Corporation
Case No. 16-43112
SoFA Attachment 3 - 90 Day Payments

Account Number/ Prd.	Source	Date	Description/ Reference	Posting Seq.	Batch-Entry	Credits
9120-020			**Cash In Bank(s)**			
02	BK-EN	8/10/2016	Discount TransFirst Discount TransFirst	800	1156-1	47.00
02	BK-EN	8/1/2016	GE Capital Lease Pmt. - WFB GE Capital Lease Pmt. - WFB	801	1158-1	6,413.04
02	BK-EN	8/1/2016	GE Capital Lease Pmt - WFB GE Capital Lease Pmt - WFB	802	1159-1	8,627.67
02	BK-EN	8/1/2016	GE Capital lease pmt - WFB GE Capital lease pmt - WFB	803	1160-1	7,841.80
03	BK-EN	9/1/2016	Wells Fargo Bank ACH Debit Wells Fargo Bank ACH Debit	1164	1528-1	6,413.04
03	BK-EN	9/1/2016	Wells Fargo Bank ACH Debit Wells Fargo Bank ACH Debit	1165	1529-1	7,841.80
03	BK-EN	9/1/2016	Wells Fargo Bank ACH Debit Wells Fargo Bank ACH Debit	1166	1530-1	8,627.67
03	BK-EN	9/15/2016	Discount Transfirst Discount Transfirst	1168	1532-1	37.00
04	BK-EN	10/3/2016	10.03.16 Rent TEQLEASE INC ANNUAL RENTAL PMT 10.03.16 Rent TEQLEASE INC ANNUAL RENTAL PMT	1199	1563-1	17,600.10
04	BK-EN	10/3/2016	10.03.16 Wells Fargo Bank ACH 10.03.16 Wells Fargo Bank ACH	1202	1566-1	8,627.67
04	BK-EN	10/3/2016	Wells Fargo Bank ACH Wells Fargo Bank ACH	1203	1567-1	7,841.80
04	BK-EN	10/3/2016	Wells Fargo Bank ACH Wells Fargo Bank ACH	1204	1568-1	6,413.04
04	BK-EN	10/11/2016	Discount Transfirst Discount Transfirst	1228	1595-1	32.00
9120-030			**Cash In Bank(s)**			
02	BK-EN	8/10/2016	INSURELINX INC. PREMIUM INSURELINX INC. PREMIUM	799	1155-1	4,345.29
02	BK-EN	8/26/2016	ACH Insurelinx - WC insurance ACH Insurelinx - WC insurance	938	1294-1	5,268.58
9120-050			**Cash In Bank(s)**			
02	AP-PY	8/11/2016	Charter School Management Corporation 000050000026-PY00003400	783	1140-1	70,553.00
02	AP-PY	8/11/2016	InMotion Hosting, Inc. 000050000027-PY00003401	807	1166-1	94.99
02	AP-PY	8/12/2016	InMotion Hosting, Inc. 000050000030-PY00003404	816	1173-1	924.89
02	AP-PY	8/12/2016	Republic Services #208 000050000028-PY00003402	817	1171-1	1,023.52
02	AP-PY	8/12/2016	Supplyworks (Clean Source) 000050000029-PY00003403	817	1171-2	2,529.48
02	AP-PY	8/12/2016	Livermore Valley Joint Unified School District 000050000031-PY00003405	820	1177-1	34,600.00
02	AP-PY	8/12/2016	Desiree Romo 000050000032-PY00003406	823	1179-1	2,250.00
02	AP-PY	8/15/2016	Jonathan Rodriguez 000050000033-PY00003407	841	1197-1	2,000.00
02	AP-PY	8/15/2016	T-MOBILE 000050000034-PY00003408	843	1199-1	1,317.30
02	AP-PY	8/16/2016	SupplyWorks 000050000035-PY00003409	848	1205-1	10,506.12
02	AP-PY	8/16/2016	SupplyWorks 000050000036-PY00003410	848	1205-2	44.80

Tri-Valley Learning Corporation
Case No. 16-43112
SoFA Attachment 3 - 90 Day Payments

Account Number/ Prd.	Source	Date	Description/ Reference	Posting Seq.	Batch-Entry	Credits
02	AP-PY	8/17/2016	Kelly's Truck Repair 000050000037-PY00003411	850	1207-1	11,561.85
02	AP-PY	8/18/2016	Monica Anthony 000050000038-PY00003412	852	1209-1	40.82
02	AP-PY	8/18/2016	Derek Austin 000050000039-PY00003413	852	1209-2	1,430.90
02	AP-PY	8/18/2016	Nathaniel Brock 000050000040-PY00003414	852	1209-3	201.93
02	AP-PY	8/18/2016	Diedre Boyd 000050000041-PY00003415	852	1209-4	2,000.00
02	AP-PY	8/18/2016	City of Stockton 000050000042-PY00003416	852	1209-5	35.27
02	AP-PY	8/18/2016	City of Stockton 000050000043-PY00003417	852	1209-6	141.02
02	AP-PY	8/18/2016	City of Stockton 000050000044-PY00003418	852	1209-7	365.41
02	AP-PY	8/18/2016	Eric Dillie 000050000045-PY00003419	852	1209-8	500.00
02	AP-PY	8/18/2016	Kjelene Deakin 000050000046-PY00003420	852	1209-9	399.40
02	AP-PY	8/18/2016	Educational Data Systems 000050000047-PY00003421	852	1209-10	45.00
02	AP-PY	8/18/2016	Farallone Pacific Insurance 000050000048-PY00003422	852	1209-11	15,873.00
02	AP-PY	8/18/2016	Sondra Graef 000050000049-PY00003423	852	1209-12	95.40
02	AP-PY	8/18/2016	Julie Lassig 000050000050-PY00003424	852	1209-13	500.00
02	AP-PY	8/18/2016	Lynn Lysko 000050000051-PY00003425	852	1209-14	530.09
02	AP-PY	8/18/2016	Kara Mills 000050000052-PY00003426	852	1209-15	481.74
02	AP-PY	8/18/2016	Purchase Power 000050000053-PY00003427	852	1209-16	381.22
02	AP-PY	8/18/2016	Quill Corporation 000050000054-PY00003428	852	1209-17	699.43
02	AP-PY	8/18/2016	Republic Services #208 000050000055-PY00003429	852	1209-18	1,657.35
02	AP-PY	8/18/2016	San Joaquin County Office of Education 000050000056-PY00003430	852	1209-19	1,500.00
02	AP-PY	8/18/2016	Teresa Teixeira 000050000057-PY00003431	852	1209-20	6.42
02	AP-PY	8/18/2016	The Stockton Record 000050000058-PY00003432	852	1209-21	513.23
02	AP-PY	8/12/2016	Squar Milner LLP 000008122016-PY00003467	869	1224-1	12,664.00
02	AP-PY	8/12/2016	Emerald Landscape Company, Inc. 000108122016-PY00003468	870	1225-1	14,100.00
02	AP-PY	8/19/2016	Triple Threat Graphics & Design 000050000059-PY00003469	876	1231-1	300.00
02	AP-PY	8/1/2016	Jennifer Brogan 000000002607-PY00003470	879	1234-1	2,905.72
02	AP-PY	8/22/2016	Pitney Bowes Global Financial Services LLC 000050000060-PY00003471	881	1236-1	455.77
02	AP-PY	8/22/2016	Purchase Power 000050000061-PY00003472	881	1236-2	631.71

Tri-Valley Learning Corporation
Case No. 16-43112
SoFA Attachment 3 - 90 Day Payments

Account Number/ Prd.	Source	Date	Description/ Reference	Posting Seq.	Batch-Entry	Credits
02	AP-PY	8/22/2016	Foundations Tutoring Inc. 000050000062-PY00003473	881	1236-3	901.00
02	AP-PY	8/23/2016	Storm Water Inspection & Maintenance Services, Inc. 000050000063-PY00003474	883	1238-1	5,347.50
02	AP-PY	8/19/2016	P G&E 000008192016-PY00003475	886	1241-1	12,352.00
02	AP-PY	8/12/2016	Sohail Ahmed 000000053632-PY00003476	888	1243-1	2,099.57
02	AP-PY	8/24/2016	Mary Lindsley 000050000064-PY00003477	889	1244-1	2,738.33
02	AP-PY	8/24/2016	Philadelphia Insurance Companies 000050000065-PY00003478	891	1246-1	67,958.08
02	AP-PY	8/25/2016	CaliforniaChoice Benefit Administrators 000050000066-PY00003479	897	1251-1	96,449.03
02	AP-PY	8/25/2016	Las Positas College 000050000067-PY00003480	900	1254-1	5,000.00
02	AP-PY	8/25/2016	Brett Banducci 000050000068-PY00003481	901	1255-1	8,014.17
02	AP-PY	8/31/2016	Livermore Sanitation, Inc. 000050000069-PY00003482	910	1266-1	6,432.30
02	AP-PY	8/31/2016	Eric Dillie 000050000070-PY00003483	910	1266-2	500.00
02	AP-PY	8/31/2016	Chubb & Son 000050000071-PY00003484	910	1266-3	350.00
02	AP-PY	8/31/2016	Clark Pest Control, Inc. 000050000072-PY00003485	910	1266-4	1,056.00
02	AP-PY	8/31/2016	CTC 000000002610-PY00003487	927	1283-1	100.00
02	AP-PY	8/31/2016	CTC 000000002613-PY00003488	927	1283-2	100.00
02	AP-PY	8/31/2016	CTC 000000002609-PY00003489	927	1283-3	100.00
02	AP-PY	8/31/2016	Ca State Disbursement Unit 000000054089-PY00003703	943	1299-205	617.50
02	AP-PY	8/31/2016	Educ. Credit Mgmt. Group 000000054090-PY00003704	943	1299-206	2.50
02	AP-PY	8/31/2016	Business Dept/TCSJ student Loan 000000054091-PY00003705	943	1299-207	772.50
02	AP-PY	8/31/2016	Salvador Cornelio 000050000087-PY00003714	956	1313-1	2,073.10
02	AP-PY	8/26/2016	California Commission on Teacher Credentialing 000000002611-PY00003748	990	1347-1	100.00
02	AP-PY	8/26/2016	California Commission on Teacher Credentialing 000000002612-PY00003749	990	1347-2	100.00
02	BK-EN	8/3/2016	Wire Transfer to Procopio Wire Transfer to Procopio	584	929-1	132,203.55
02	BK-EN	8/3/2016	Merchant Fee Merchant Fee	770	1135-1	20.00
02	BK-EN	8/3/2016	Take Care By Wag autoDebit Take Care By Wag autoDebit	772	1134-1	313.41
02	BK-EN	8/2/2016	Outgoing Wire to Christopher Bertelli Outgoing Wire to Christopher Bertelli	773	1133-1	4,500.00
02	BK-EN	8/1/2016	Verilease Financial Verilease Financial	777	1129-1	2,302.88
02	BK-EN	8/1/2016	AutoDebit - 1st D AutoDebit - 1st D	778	1128-1	24,240.82

Tri-Valley Learning Corporation
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Account Number/ Prd.	Source	Date	Description/ Reference	Posting Seq.	Batch-Entry	Credits
02	BK-EN	8/1/2016	Take Care by Wag Take Care by Wag	779	1127-1	60.00
02	BK-EN	8/2/2016	All-In-1 ERP ECheck All-In-1 ERP ECheck	781	1139-1	1,468.81
02	BK-EN	8/2/2016	Take Care by Wag AutoDebit Take Care by Wag AutoDebit	782	1137-1	648.33
02	BK-EN	8/4/2016	Take Care by Wag AutoDebit Take Care by Wag AutoDebit	785	1141-1	40.00
02	BK-EN	8/4/2016	West Publishing AutoDebit West Publishing AutoDebit	788	1144-1	172.51
02	BK-EN	8/4/2016	Outgoing Wire Outgoing Wire	789	1145-1	100,000.00
02	BK-EN	8/5/2016	Take Care by Wag AutoDebit Take Care by Wag AutoDebit	791	1147-1	3,409.20
02	BK-EN	8/8/2016	Take care by Wag AutoDebit Take care by Wag AutoDebit	792	1148-1	235.55
02	BK-EN	8/9/2016	Take Care by Wag AutoDebit Take Care by Wag AutoDebit	793	1149-1	325.22
02	BK-EN	8/9/2016	West Publishing AutoDebit West Publishing AutoDebit	794	1150-1	25.50
02	BK-EN	8/9/2016	All In - 1 ECheck All In - 1 ECheck	795	1151-1	1,479.68
02	BK-EN	8/10/2016	Take Care by Wag AutoDebit Take Care by Wag AutoDebit	796	1152-1	30.00
02	BK-EN	8/11/2016	Take Care by Wag AutoDebit Take Care by Wag AutoDebit	797	1153-1	363.34
02	BK-EN	8/12/2016	Take Care by Wag AutoDebit Take Care by Wag AutoDebit	811	1169-1	25.00
02	BK-EN	8/9/2016	Bank Entry Adjustment Bank Entry Adjustment	812	1163-1	0.10
02	BK-EN	8/16/2016	Amercian Funds Investments Amercian Funds Investments	854	1201-1	267.99
02	BK-EN	8/18/2016	Take Care by Wag AutoPay Take Care by Wag AutoPay	855	1210-1	362.00
02	BK-EN	8/18/2016	Take Care by Wag AutoPay Take Care by Wag AutoPay	856	1211-1	174.80
02	BK-EN	8/17/2016	Take Care by Wag AutoPay Take Care by Wag AutoPay	857	1212-1	526.71
02	BK-EN	8/16/2016	All in One ERP Check All in One ERP Check	858	1213-1	1,479.68
02	BK-EN	8/16/2016	Take Care by Wag AutoPay Take Care by Wag AutoPay	859	1214-1	220.00
02	BK-EN	8/15/2016	Take Care by Wag AutoPay Take Care by Wag AutoPay	866	1221-1	450.60
02	BK-EN	8/12/2016	Outgoing Wire Transfer - CompuPay for DZ Outgoing Wire Transfer - CompuPay for DZ	880	1235-1	23,248.41
02	BK-EN	8/23/2016	Take care by Wag AutoPay Take care by Wag AutoPay	884	1239-1	505.00
02	BK-EN	8/23/2016	All in 1 ERP E-check All in 1 ERP E-check	885	1240-1	1,566.72
02	BK-EN	8/24/2016	Take Care by Wag autoPay Take Care by Wag autoPay	887	1242-1	1,176.09
02	BK-EN	8/25/2016	Take Care by Wag AutoPay Take Care by Wag AutoPay	895	1249-1	710.00
02	BK-EN	8/26/2016	Take Care by Wag AutoPay Take Care by Wag AutoPay	903	1257-1	17.53

Account Number/ Prd.	Source	Date	Description/ Reference	Posting Seq.	Batch-Entry	Credits
02	BK-EN	8/29/2016	Take care by Wag AutoPay Take care by Wag AutoPay	904	1258-1	1,080.00
02	BK-EN	8/30/2016	Take care by Wag AutoPay Take care by Wag AutoPay	907	1263-1	127.44
02	BK-EN	8/30/2016	ALL IN I ERP ECHECK ALL IN I ERP ECHECK	908	1264-1	1,588.48
02	BK-EN	8/31/2016	WIRE TRANSFER WIRE TRANSFER	914	1270-1	60,940.20
02	BK-EN	8/31/2016	WIRE TRANSFER - MOVING EXP LVCP WIRE TRANSFER - MOVING EXP LVCP	915	1271-1	19,832.55
02	BK-EN	8/31/2016	WIRE TRANSFER FEE WIRE TRANSFER FEE	922	1278-1	25.00
02	BK-EN	8/31/2016	WIRE TRANSFER FEE WIRE TRANSFER FEE	923	1279-1	25.00
02	BK-EN	8/31/2016	Take Care by Wag - AutoPay Take Care by Wag - AutoPay	924	1280-1	285.00
02	BK-EN	8/26/2016	STRS Payment STRS Payment	1012	1369-1	406,375.80
02	BK-EN	8/8/2016	Salsa Labs, Inc. - Debit Salsa Labs, Inc. - Debit	1013	1370-1	193.22
03	AP-PY	9/1/2016	Livermore Police Department 000050000074-PY00003490	928	1284-1	5,816.80
03	AP-PY	9/1/2016	Suzy Hites 000050000075-PY00003491	928	1284-2	15,259.18
03	AP-PY	9/1/2016	Nicole Marks 000050000076-PY00003492	931	1287-1	3,417.75
03	AP-PY	9/2/2016	Alameda County Offices of Education 000050000077-PY00003493	935	1291-1	91,793.70
03	AP-PY	9/2/2016	San Joaquin County Office of Education 000050000078-PY00003494	935	1291-2	88.00
03	AP-PY	9/2/2016	San Joaquin County Office of Education 000050000079-PY00003495	935	1291-3	24,222.02
03	AP-PY	9/6/2016	Marie Nelson 000050000080-PY00003707	945	1301-1	1,950.00
03	AP-PY	9/7/2016	Alameda County Offices of Education 000050000081-PY00003708	947	1305-1	19.52
03	AP-PY	9/7/2016	Letty Vivaldi 000050000082-PY00003709	949	1306-1	6,000.00
03	AP-PY	9/7/2016	Las Positas College 000050000083-PY00003710	949	1306-2	5,000.00
03	AP-PY	9/7/2016	Career Staff Unlimited 000050000084-PY00003711	950	1307-1	12,870.00
03	AP-PY	9/8/2016	Scenario Learning 000050000085-PY00003712	953	1310-1	2,037.00
03	AP-PY	9/8/2016	San Joaquin Magazine 000050000086-PY00003713	955	1312-1	750.00
03	AP-PY	9/8/2016	Sport Chalet 000050000088-PY00003715	957	1314-1	727.15
03	AP-PY	9/8/2016	Odysseyware 000009082016-PY00003716	958	1315-1	17,500.00
03	AP-PY	9/8/2016	Revolution Foods, Inc. 000908201600-PY00003717	958	1315-2	23,327.42
03	AP-PY	9/8/2016	Procopio, Cory, Hargreaves & Savitch LLP 000090820160-PY00003718	960	1317-1	136,751.58
03	AP-PY	9/9/2016	Celebrations Speech Group 000050000089-PY00003719	962	1319-1	23,227.50

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Account Number/ Prd.	Source	Date	Description/ Reference	Posting Seq.	Batch-Entry	Credits
03	AP-PY	9/9/2016	Tien Dang 000050000090-PY00003720	962	1319-2	511.26
03	AP-PY	9/9/2016	Barnett Plumbing 000050000091-PY00003721	962	1319-3	190.00
03	AP-PY	9/9/2016	Career Staff Unlimited 000050000092-PY00003722	962	1319-4	16,307.50
03	AP-PY	9/9/2016	New Jerusalem Elementary School District/Business Services D 000050000093-PY00003723	963	1320-1	5,069.92
03	AP-PY	9/2/2016	Christopher J Bertelli 000009022016-PY00003724	979	1336-1	4,500.00
03	AP-PY	9/12/2016	Legal Shield 000050000094-PY00003747	982	1340-1	1,734.60
03	AP-PY	9/13/2016	Parent Pathways In Schools 000050000095-PY00003750	999	1356-1	1,250.00
03	AP-PY	9/2/2016	Jose T. Verduga 000000054115-PY00003751	1016	1373-1	1,321.30
03	AP-PY	9/6/2016	Veronica Huerta 000000054116-PY00003752	1016	1373-2	504.49
03	AP-PY	9/8/2016	Nathaniel Brock 000000054117-PY00003753	1016	1373-3	1,313.57
03	AP-PY	9/8/2016	Sheri A Mavrakis 000000054120-PY00003754	1016	1373-4	2,679.76
03	AP-PY	9/8/2016	Hillary Cook 000000054121-PY00003755	1016	1373-5	2,666.87
03	AP-PY	9/8/2016	Daniel Manjarrez 000000054122-PY00003756	1016	1373-6	3,499.80
03	AP-PY	9/8/2016	Ann-Margaret M. Rohrer 000000054123-PY00003757	1016	1373-7	3,773.16
03	AP-PY	9/8/2016	Roberta I Weber 000000054124-PY00003758	1016	1373-8	4,429.69
03	AP-PY	9/8/2016	Jenelle S. Lents 000000054125-PY00003759	1016	1373-9	2,908.81
03	AP-PY	9/8/2016	Beth Ayres 000000054126-PY00003760	1016	1373-10	3,155.34
03	AP-PY	9/8/2016	Andrew R, Knauft 000000054128-PY00003761	1016	1373-11	6,794.63
03	AP-PY	9/8/2016	Rashayla R. Moise 000000054129-PY00003762	1016	1373-12	3,692.33
03	AP-PY	9/8/2016	Cecilia McHugh 000000054130-PY00003763	1016	1373-13	1,991.14
03	AP-PY	9/8/2016	Harold Llamido 000000054131-PY00003764	1016	1373-14	1,834.51
03	AP-PY	9/8/2016	Salvador Cornelio 000000054132-PY00003765	1016	1373-15	4,325.75
03	AP-PY	9/8/2016	Rama Kanwar 000000054135-PY00003766	1016	1373-16	3,341.43
03	AP-PY	9/15/2016	P G&E 000050000096-PY00003796	1036	1393-1	408.17
03	AP-PY	9/15/2016	Pacific Moblie Structures, Inc 000050000097-PY00003797	1036	1393-2	10,517.41
03	AP-PY	9/15/2016	Guardian 000050000098-PY00003798	1036	1393-3	32,844.71
03	AP-PY	9/15/2016	Parent Pathways In Schools 000050000099-PY00003799	1036	1393-4	3,000.00
03	AP-PY	9/15/2016	Squar Milner LLP 000050000100-PY00003800	1036	1393-5	3,330.00

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Account Number/ Prd.	Source	Date	Description/ Reference	Posting Seq.	Batch-Entry	Credits
03	AP-PY	9/15/2016	Raquel Lebish 000050000101-PY00003801	1036	1393-6	3,800.00
03	AP-PY	9/15/2016	Nafisa Lillie 000050000102-PY00003802	1036	1393-7	2,400.00
03	AP-PY	9/15/2016	Kooicheng Tran 000050000103-PY00003803	1036	1393-8	2,700.00
03	AP-PY	9/15/2016	Alice Chien 000050000104-PY00003804	1036	1393-9	1,200.00
03	AP-PY	9/15/2016	Gina DeSousa 000050000105-PY00003805	1036	1393-10	4,800.00
03	AP-PY	9/15/2016	Tan Siak Keow 000050000106-PY00003806	1036	1393-11	1,800.00
03	AP-PY	9/15/2016	Greg McQuoid 000050000107-PY00003807	1036	1393-12	3,000.00
03	AP-PY	9/15/2016	Jyothika Valluru 000050000108-PY00003808	1036	1393-13	1,000.00
03	AP-PY	9/15/2016	Xin Wang 000050000109-PY00003809	1036	1393-14	2,400.00
03	AP-PY	9/15/2016	P G&E 000050000110-PY00003810	1037	1394-1	12,710.75
03	AP-PY	9/15/2016	PG & E (Pacific Gas and Electric Company) 000050000111-PY00003811	1037	1394-2	53,014.12
03	AP-PY	9/15/2016	Ronnette Pueliu 000050000112-PY00003812	1038	1395-1	3,360.00
03	AP-PY	9/15/2016	San Joaquin County Office of Education 000050000113-PY00003813	1041	1398-1	750.00
03	AP-PY	9/15/2016	Foundations Tutoring Inc. 000050000114-PY00003814	1042	1399-1	1,170.00
03	AP-PY	9/16/2016	Tracy Kimoto 000050000115-PY00003815	1043	1400-1	3,002.80
03	AP-PY	9/16/2016	P G&E 000050000116-PY00003816	1045	1402-1	12,028.10
03	AP-PY	9/19/2016	Kimberly R Adams 000050000117-PY00003817	1052	1409-1	1,918.95
03	AP-PY	9/19/2016	Tien Dang 000050000118-PY00003818	1055	1412-1	128.30
03	AP-PY	9/20/2016	Career Staff Unlimited 000050000119-PY00003819	1057	1416-1	11,895.00
03	AP-PY	9/20/2016	epluno, LLC 000050000120-PY00003820	1057	1416-2	935.48
03	AP-PY	9/20/2016	Julie Lassig 000050000121-PY00003821	1057	1416-3	1,867.26
03	AP-PY	9/20/2016	Jill Heinke 000050000122-PY00003822	1062	1419-1	26,890.00
03	AP-PY	9/20/2016	Jill & Joel Heinke 000050000123-PY00003823	1062	1419-2	5,000.00
03	AP-PY	9/20/2016	Sonitrol 000050000124-PY00003824	1063	1420-1	2,504.72
03	AP-PY	9/20/2016	Choicelunch 000050000125-PY00003825	1063	1420-2	6,998.24
03	AP-PY	9/20/2016	Ladder Learning Services LLC 000050000126-PY00003826	1063	1420-3	810.00
03	AP-PY	9/20/2016	AFLAC 000050000127-PY00003827	1063	1420-4	7,956.70
03	AP-PY	9/20/2016	City of Livermore - Water Service 000050000128-PY00003828	1063	1420-5	3,278.01

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Account Number/ Prd.	Source	Date	Description/ Reference	Posting Seq.	Batch-Entry	Credits
03	AP-PY	9/20/2016	City of Stockton 000050000129-PY00003829	1063	1420-6	184.82
03	AP-PY	9/20/2016	CaliforniaChoice Benefit Administrators 000050000130-PY00003830	1063	1420-7	65,090.61
03	AP-PY	9/22/2016	Livermore Sanitation, Inc. 000050000131-PY00003831	1066	1423-1	1,330.16
03	AP-PY	9/23/2016	Ladder Learning Services LLC 000050000132-PY00003832	1074	1431-1	1,836.00
03	AP-PY	9/23/2016	Valley Montessori School - NPO 000050000133-PY00003833	1074	1431-2	1,590.00
03	AP-PY	9/15/2016	Barbara Bosse 000000054165-PY00003834	1076	1433-1	13.66
03	AP-PY	9/15/2016	Sahiti P Ganta 000000054166-PY00003835	1076	1433-2	880.03
03	AP-PY	9/15/2016	Diana Reyes 000000054167-PY00003836	1076	1433-3	1,225.89
03	AP-PY	9/15/2016	Serra Smith 000000054168-PY00003837	1076	1433-4	118.88
03	AP-PY	9/15/2016	Lucas Westmoreland 000000054169-PY00003838	1076	1433-5	172.46
03	AP-PY	9/15/2016	Rachel Eubling 000000054170-PY00003839	1076	1433-6	1,213.03
03	AP-PY	9/15/2016	Paula Rose 000000054171-PY00003840	1076	1433-7	476.46
03	AP-PY	9/15/2016	Herbert A Gomez 000000054172-PY00003841	1076	1433-8	128.31
03	AP-PY	9/21/2016	PG & E (Pacific Gas and Electric Company) 000050000134-PY00003842	1082	1439-1	3,821.79
03	AP-PY	9/21/2016	P G&E 000019212016-PY00003843	1082	1439-2	8,891.46
03	AP-PY	9/21/2016	PG & E (Pacific Gas and Electric Company) 000209212016-PY00003844	1082	1439-3	8,694.07
03	AP-PY	9/21/2016	PG & E (Pacific Gas and Electric Company) 000409212016-PY00003845	1082	1439-4	6,047.26
03	AP-PY	9/21/2016	PG & E (Pacific Gas and Electric Company) 000509212016-PY00003846	1082	1439-5	50,067.36
03	AP-PY	9/21/2016	PG & E (Pacific Gas and Electric Company) 000609212016-PY00003847	1082	1439-6	409.42
03	AP-PY	9/26/2016	Mario H. Rosa 000050000135-PY00003848	1085	1442-1	50.04
03	AP-PY	9/26/2016	California Water Services 000009232016-PY00003849	1087	1444-1	10,984.06
03	AP-PY	9/26/2016	SAMEDAY BACKFLOW SERVICE 000050000136-PY00003850	1089	1446-1	60.00
03	AP-PY	9/26/2016	California Commission on Teacher Credentialing 000050000137-PY00003851	1093	1450-1	100.00
03	AP-PY	9/26/2016	University of California, San Diego 000050000138-PY00003852	1099	1458-1	131.75
03	AP-PY	9/26/2016	Educational Data Systems 000050000139-PY00003853	1100	1459-1	545.02
03	AP-PY	9/29/2016	Lynn Lysko 000050000140-PY00003854	1119	1484-1	404.52
03	AP-PY	9/30/2016	Daniel Travis Sawran 000050000141-PY00003855	1133	1497-1	1,251.25
03	AP-PY	9/30/2016	Elite TransLingo 000050000142-PY00003856	1134	1498-1	290.00

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Account Number/ Prd.	Source	Date	Description/ Reference	Posting Seq.	Batch-Entry	Credits
03	AP-PY	9/27/2016	AT & T 000009272016-PY00003857	1138	1502-1	1,117.47
03	AP-PY	9/27/2016	AT & T 000092720161-PY00003858	1139	1503-1	623.04
03	AP-PY	9/29/2016	Vicky Bui 000000054201-PY00003919	1173	1537-1	2,204.55
03	BK-EN	9/7/2016	All-in-1 ERP - Echeck autopay All-in-1 ERP - Echeck autopay	964	1321-1	1,327.36
03	BK-EN	9/7/2016	EDI/EFTPMT West Publishing EDI/EFTPMT West Publishing	965	1322-1	172.51
03	BK-EN	9/7/2016	Take Are by Wag AutoPay Take Are by Wag AutoPay	966	1323-1	230.00
03	BK-EN	9/7/2016	Take CAre by Wag AutoPay Take CAre by Wag AutoPay	967	1324-1	582.99
03	BK-EN	9/6/2016	Take Care by Wag AutoPay Take Care by Wag AutoPay	968	1325-1	189.94
03	BK-EN	9/6/2016	Merchant Bank Fee Merchant Bank Fee	969	1326-1	20.00
03	BK-EN	9/2/2016	Take Care by Wag AutoPay Take Care by Wag AutoPay	970	1327-1	143.39
03	BK-EN	9/1/2016	Varialease Finance ACH Varialease Finance ACH	971	1328-1	2,302.88
03	BK-EN	9/1/2016	Bank ACH 1st D Bank ACH 1st D	972	1329-1	24,240.82
03	BK-EN	9/1/2016	Outgoing Wire transfer to CPA Outgoing Wire transfer to CPA	977	1334-1	60,000.00
03	BK-EN	9/2/2016	Outgoing wire transfer to Bianchi Impact Outgoing wire transfer to Bianchi Impact	978	1335-1	116,000.00
03	BK-EN	9/12/2016	Insurelinx Auto Debit Insurelinx Auto Debit	1019	1374-1	7,029.38
03	BK-EN	9/13/2016	ALL-IN-1 ERP-ECHECK EC001MSN0 ALL-IN-1 ERP-ECHECK EC001MSN0	1021	1376-1	1,632.00
03	BK-EN	9/12/2016	Take Care by Wag Take Care by Wag	1023	1378-1	225.00
03	BK-EN	9/8/2016	Take Care by Wag Take Care by Wag	1024	1379-1	30.00
03	BK-EN	9/13/2016	Take Care by Wag Take Care by Wag	1025	1380-1	15.00
03	BK-EN	9/9/2016	Take Care by Wag Take Care by Wag	1026	1381-1	15.00
03	BK-EN	9/12/2016	SALSA LABS INC SALSA LABS INC	1027	1382-1	193.22
03	BK-EN	9/8/2016	EDI/EFTPMT WEST PUBLISHING EDI/EFTPMT WEST PUBLISHING	1028	1383-1	25.50
03	BK-EN	9/14/2016	Take Care by Wat Take Care by Wat	1034	1391-1	5.00
03	BK-EN	9/20/2016	Take Care by Wag - Auto Pay Take Care by Wag - Auto Pay	1068	1425-1	431.20
03	BK-EN	9/20/2016	All-in 1 ERP E check All-in 1 ERP E check	1069	1426-1	1,305.60
03	BK-EN	9/21/2016	Take Care by Wag Take Care by Wag	1070	1427-1	247.00
03	BK-EN	9/22/2016	Take Care by Wag Take Care by Wag	1071	1428-1	41.20
03	BK-EN	9/23/2016	Take Care by Wag Take Care by Wag	1072	1429-1	24.93

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03	BK-EN	9/19/2016	Take Care by Wag Take Care by Wag	1077	1434-1	227.81
03	BK-EN	9/19/2016	Take Care by Wag Take Care by Wag	1078	1435-1	362.00
03	BK-EN	9/15/2016	Take Care By Wag Take Care By Wag	1079	1436-1	60.00
03	BK-EN	9/1/2016	ck# 53957 ck# 53957	1083	1440-1	20.06
03	BK-EN	9/19/2016	Wire to Darim Vision Wire to Darim Vision	1084	1441-1	2,000.00
03	BK-EN	9/1/2016	ck# 53957 ck# 53957	1096	1454-1	20.06
03	BK-EN	9/27/2016	All In 1 ERP ECheck All In 1 ERP ECheck	1146	1510-1	1,327.36
03	BK-EN	9/30/2016	Take Care by Wag Take Care by Wag	1147	1511-1	605.86
03	BK-EN	9/28/2016	Take Care by Wag Take Care by Wag	1148	1512-1	37.93
04	AP-PY	10/3/2016	CaliforniaChoice Benefit Administrators 000050000143-PY00003859	1143	1507-1	52,123.70
04	AP-PY	10/3/2016	Alameda County Offices of Education 000050000144-PY00003860	1143	1507-2	18,188.29
04	AP-PY	10/3/2016	AFLAC 000050000145-PY00003861	1143	1507-3	5,616.72
04	AP-PY	10/3/2016	Procopio, Cory, Hargreaves & Savitch LLP 000050000146-PY00003918	1151	1515-1	411,000.00
04	AP-PY	10/3/2016	Serra Smith 000000054202-PY00003920	1173	1537-2	1,076.14
04	AP-PY	10/4/2016	San Joaquin County Office of Education 000050000147-PY00003921	1181	1545-1	17,905.95
04	AP-PY	10/5/2016	Nicholas/Jennifer Maas 000050000148-PY00003922	1183	1547-1	50.30
04	AP-PY	10/5/2016	Document Tracking Services 000050000149-PY00003923	1183	1547-2	1,575.00
04	AP-PY	10/5/2016	Marie Nelson 000050000150-PY00003924	1183	1547-3	2,350.00
04	AP-PY	10/5/2016	Las Positas College 000050000151-PY00003925	1183	1547-4	5,000.00
04	AP-PY	10/5/2016	LVCS PTO 000050000152-PY00003926	1183	1547-5	941.75
04	AP-PY	10/5/2016	Charlie's Day & Nite Safes-Locks-Keys 000050000153-PY00003927	1183	1547-6	329.92
04	AP-PY	10/5/2016	Revolution Foods, Inc. 000010052016-PY00003928	1187	1551-1	20,000.00
04	AP-PY	10/5/2016	Ring Central 000001052016-PY00003929	1187	1551-2	5,000.00
04	AP-PY	10/7/2016	Zoom Imaging Solutions Inc. 000050000154-PY00003930	1192	1556-1	39.54
04	AP-PY	10/7/2016	Alameda County Offices of Education 000050000155-PY00003931	1194	1558-1	86,659.34
04	AP-PY	10/11/2016	Squar Milner LLP 000010112016-PY00003932	1219	1583-1	12,001.00
04	AP-PY	10/12/2016	Parent Pathways In Schools 000050000156-PY00003933	1229	1596-1	4,562.50
04	AP-PY	10/12/2016	AFLAC 000050000157-PY00003934	1229	1596-2	4,607.04

Account Number/ Prd.	Source	Date	Description/ Reference	Posting Seq.	Batch-Entry	Credits
04	AP-PY	10/12/2016	SYNCB/AMAZON 000050000158-PY00003935	1229	1596-3	9,664.74
04	AP-PY	10/12/2016	AT & T 000050000159-PY00003936	1229	1596-4	2,775.23
04	AP-PY	10/12/2016	Monica Anthony 000050000160-PY00003937	1229	1596-5	25.75
04	AP-PY	10/12/2016	Bay Area Conference 000050000161-PY00003938	1229	1596-6	4,279.00
04	AP-PY	10/12/2016	Fred Biletnikoff 000050000162-PY00003939	1229	1596-7	699.66
04	AP-PY	10/12/2016	California Water Services 000050000163-PY00003940	1229	1596-8	102.54
04	AP-PY	10/12/2016	CleanNet of the Bay Area 000050000164-PY00003941	1229	1596-9	4,800.00
04	AP-PY	10/12/2016	Comcast 000050000165-PY00003942	1229	1596-10	1,927.68
04	AP-PY	10/12/2016	Clark Pest Control, Inc. 000050000166-PY00003943	1229	1596-11	573.08
04	AP-PY	10/12/2016	City of Stockton 000050000167-PY00003944	1229	1596-12	1,513.62
04	AP-PY	10/12/2016	City of Livermore 000050000168-PY00003945	1229	1596-13	2,361.74
04	AP-PY	10/12/2016	Cary Catching 000050000169-PY00003946	1229	1596-14	59.24
04	AP-PY	10/12/2016	Department of Justice 000050000170-PY00003947	1229	1596-15	988.00
04	AP-PY	10/12/2016	Grover Davis 000050000171-PY00003948	1229	1596-16	134.83
04	AP-PY	10/12/2016	Emerald Landscape Company, Inc. 000050000172-PY00003949	1229	1596-17	1,575.00
04	AP-PY	10/12/2016	Theresa Johnson 000050000173-PY00003950	1229	1596-18	51.80
04	AP-PY	10/12/2016	Livermore Sanitation, Inc. 000050000174-PY00003951	1229	1596-19	4,983.70
04	AP-PY	10/12/2016	Lynn Lysko 000050000175-PY00003952	1229	1596-20	69.11
04	AP-PY	10/12/2016	City of Livermore - Water Service 000050000176-PY00003953	1229	1596-21	3,426.69
04	AP-PY	10/12/2016	Madera Co. Office of Education 000050000177-PY00003954	1229	1596-22	5,000.00
04	AP-PY	10/12/2016	Office Depot 000050000178-PY00003955	1229	1596-24	17,625.92
04	AP-PY	10/12/2016	Philadelphia Insurance Companies 000050000179-PY00003956	1229	1596-25	17,006.84
04	AP-PY	10/12/2016	PowerSchool Group, LLC 000050000180-PY00003957	1229	1596-26	2,750.00
04	AP-PY	10/12/2016	Purchase Power 000050000181-PY00003958	1229	1596-27	330.52
04	AP-PY	10/12/2016	Revolution Foods, Inc. 000050000182-PY00003959	1229	1596-28	23,019.10
04	AP-PY	10/12/2016	Ring Central 000050000183-PY00003960	1229	1596-29	19,868.71
04	AP-PY	10/12/2016	Republic Services #208 000050000184-PY00003961	1229	1596-30	504.47
04	AP-PY	10/12/2016	Sonitrol 000050000185-PY00003962	1229	1596-31	2,434.69

Tri-Valley Learning Corporation
Case No. 16-43112
SoFA Attachment 3 - 90 Day Payments

Account Number/ Prd.	Source	Date	Description/ Reference	Posting Seq.	Batch-Entry	Credits
04	AP-PY	10/12/2016	Eldon Stidham 000050000186-PY00003963	1229	1596-32	1,000.00
04	AP-PY	10/12/2016	SupplyWorks 000050000187-PY00003964	1229	1596-33	2,932.17
04	AP-PY	10/12/2016	University of California, San Diego 000050000188-PY00003965	1229	1596-34	3,220.50
04	AP-PY	10/12/2016	Letty Vivaldi 000050000189-PY00003966	1229	1596-35	3,200.00
04	AP-PY	10/12/2016	Waste Management 000050000190-PY00003967	1229	1596-36	213.96
04	AP-PY	10/12/2016	Sharon Weagant 000050000191-PY00003968	1229	1596-37	1,760.00
04	AP-PY	10/12/2016	Rescue Me Too 000050000192-PY00003969	1230	1597-1	3,130.00
04	AP-PY	10/14/2016	PG & E (Pacific Gas and Electric Company) 000050000193-PY00003996	1242	1609-1	17,763.43
04	AP-PY	10/14/2016	Sharper Technology Inc. 000050000194-PY00003997	1242	1609-2	11,433.34
04	AP-PY	10/17/2016	BCwholesale Distribution Company 000050000195-PY00003998	1246	1613-1	1,146.43
04	AP-PY	10/17/2016	SYNCB/AMAZON 000050000196-PY00003999	1248	1615-1	214.20
04	AP-PY	10/17/2016	Have Fun Teaching 000050000197-PY00004000	1248	1615-2	29.00
04	AP-PY	10/17/2016	K-5 Math Teaching Resources LLC 000050000198-PY00004001	1248	1615-3	164.75
04	AP-PY	10/17/2016	Mountain Math/Language, LLC 000050000199-PY00004002	1248	1615-4	99.90
04	AP-PY	10/17/2016	Starfall Publications 000050000200-PY00004003	1250	1617-1	270.00
04	AP-PY	10/17/2016	Handwriting Without Tears 000050000201-PY00004004	1250	1617-2	920.15
04	AP-PY	10/18/2016	North Coast Section, C.I.F 000050000202-PY00004005	1263	1630-1	1,007.90
04	AP-PY	10/18/2016	T-MOBILE 000050000203-PY00004006	1299	1666-1	689.00
04	AP-PY	10/19/2016	SupplyWorks 000050000204-PY00004007	1336	1704-1	3,409.87
04	AP-PY	10/19/2016	Foundations Tutoring Inc. 000050000205-PY00004008	1338	1706-1	966.00
04	AP-PY	10/19/2016	Learning Plus Associates 000050000206-PY00004009	1338	1706-2	2,049.52
04	AP-PY	10/19/2016	Valley Montessori School - NPO 000050000207-PY00004010	1338	1706-3	1,590.00
04	AP-PY	10/19/2016	Philadelphia Insurance Companies 000010192016-PY00004011	1343	1710-1	16,291.84
04	AP-PY	10/21/2016	Turnitin, LLC 000050000208-PY00004012	1360	1728-1	2,516.00
04	AP-PY	10/21/2016	Sharlee Solis 000050000209-PY00004013	1361	1729-1	243.72
04	AP-PY	10/21/2016	Sharlee Solis 000050000210-PY00004014	1362	1730-1	1,894.34
04	AP-PY	10/25/2016	Mario Nieto 000050000211-PY00004015	1374	1742-1	200.00
04	AP-PY	10/25/2016	Choicelunch 000050000212-PY00004016	1377	1745-1	7,660.00

Tri-Valley Learning Corporation
Case No. 16-43112
SoFA Attachment 3 - 90 Day Payments

Account Number/ Prd.	Source	Date	Description/ Reference	Posting Seq.	Batch-Entry	Credits
04	AP-PY	10/25/2016	Houghton Mifflin Harcourt Publishing Co 000050000213-PY00004017	1377	1745-2	6,729.12
04	AP-PY	10/25/2016	Jill Heinke 000050000214-PY00004018	1377	1745-3	1,716.00
04	AP-PY	10/25/2016	Valley Montessori School - NPO 000050000215-PY00004019	1377	1745-4	2,405.00
04	AP-PY	10/26/2016	Valley Montessori School - NPO 000050000216-PY00004020	1383	1751-1	775.00
04	AP-PY	10/31/2016	San Joaquin County Office of Education 000050000217-PY00004021	1398	1766-1	100.00
04	AP-PY	10/18/2016	NO BACKUP Provided 000000001042-PY00004046	1408	1776-1	100.00
04	BK-EN	10/3/2016	Bank ACH Ist D Bank ACH Ist D	1156	1520-1	24,240.82
04	BK-EN	10/3/2016	Take Care by Wag Take Care by Wag	1157	1521-1	32.00
04	BK-EN	10/3/2016	VERILEASE Financial ACH VERILEASE Financial ACH	1158	1522-1	13,037.02
04	BK-EN	10/3/2016	Merchant Banking Merchant Banking	1159	1523-1	24.57
04	BK-EN	10/3/2016	Merchant Bank Fee Merchant Bank Fee	1160	1524-1	20.20
04	BK-EN	10/4/2016	Take Care by Wag Take Care by Wag	1175	1539-1	223.33
04	BK-EN	10/4/2016	All in 1 ERP ECheck All in 1 ERP ECheck	1176	1540-1	1,544.96
04	BK-EN	10/4/2016	Insurelinx, Inc. ACH Insurelinx, Inc. ACH	1177	1541-1	6,400.31
04	BK-EN	10/5/2016	Take Care by Wag Take Care by Wag	1184	1548-1	245.32
04	BK-EN	10/5/2016	EFt - West Publishing EFt - West Publishing	1185	1549-1	172.51
04	BK-EN	10/5/2016	ACH - INSURELINX INS. PREM. ACH - INSURELINX INS. PREM.	1186	1550-1	5,373.39
04	BK-EN	10/3/2016	Wells Fargo Bank ACH Wells Fargo Bank ACH	1200	1564-1	8,627.67
04	BK-EN	10/6/2016	Take Care by Wag Take Care by Wag	1208	1572-1	227.50
04	BK-EN	10/7/2016	West Publishing West Publishing	1211	1575-1	25.50
04	BK-EN	10/11/2016	Wire Transfer 10.11.16 Wire Transfer 10.11.16	1220	1584-1	24,376.08
04	BK-EN	10/11/2016	Wire Transfer 10.11.19 Wire Transfer 10.11.19	1221	1585-1	58,000.00
04	BK-EN	10/12/2016	Take Care by Wag Take Care by Wag	1223	1587-1	15.00
04	BK-EN	10/12/2016	Take Care by Wag Take Care by Wag	1224	1588-1	1,015.00
04	BK-EN	10/12/2016	All In 1 ERP ECheck All In 1 ERP ECheck	1225	1589-1	1,457.92
04	BK-EN	10/12/2016	Salsa Labs Salsa Labs	1226	1590-1	193.22
04	BK-EN	10/17/2016	Take Care by Wag Take Care by Wag	1257	1624-1	13.32
04	BK-EN	10/14/2016	Take Care by Wag Take Care by Wag	1258	1625-1	80.00

Account Number/ Prd.	Source	Date	Description/ Reference	Posting Seq.	Batch-Entry	Credits
04	BK-EN	10/13/2016	Guardian Oct. Pmt Guardian Oct. Pmt	1259	1626-1	2,673.30
04	BK-EN	10/18/2016	Take Care by Wag Take Care by Wag	1260	1627-1	273.33
04	BK-EN	10/18/2016	Take Care by Wag Take Care by Wag	1261	1628-1	362.00
04	BK-EN	10/19/2016	Take Care by Wag Take Care by Wag	1341	1708-1	208.80
04	BK-EN	10/19/2016	Wire Transfer Fee Wire Transfer Fee	1344	1711-1	25.00
04	BK-EN	10/21/2016	Insurelinx Inc. Insurance Premium Insurelinx Inc. Insurance Premium	1366	1734-1	5,289.44
04	BK-EN	10/21/2016	Take Care by Wag Take Care by Wag	1367	1735-1	90.00
04	BK-EN	10/26/2016	Take Care by Wag Take Care by Wag	1385	1753-1	1,358.46
04	BK-EN	10/26/2016	Take Care by Wag Take Care by Wag	1387	1755-1	295.94
04	BK-EN	10/28/2016	outgoing Domistic Wire - Intercept outgoing Domistic Wire - Intercept	1401	1769-1	292,409.39
04	BK-EN	10/31/2016	Take Care by Wag Take Care by Wag	1402	1770-1	116.39
04	BK-EN	10/19/2016	Wire Transfer to WFB Wire Transfer to WFB	1406	1774-1	10,000.00
05	BK-EN	11/1/2016	Bank ACH 1st D Bank ACH 1st D	1409	1777-1	24,240.82
05	BK-EN	11/1/2016	Verilease Financal ACH Verilease Financal ACH	1410	1778-1	2,302.88
05	BK-EN	11/2/2016	Take Care by Wag Take Care by Wag	1416	1784-1	223.33
05	BK-EN	11/3/2016	Merchant Bank Fee Merchant Bank Fee	1421	1790-1	20.00
05	BK-EN	11/3/2016	Take Care by Wag Take Care by Wag	1422	1789-1	70.00
05	BK-EN	11/4/2016	Bank AutoPay Bank AutoPay	1427	1795-1	172.51
05	BK-EN	11/4/2016	Take Care by Wag Take Care by Wag	1428	1796-1	208.00
9123-010			**Cash in Heritage 0790**			
02	BK-EN	8/9/2016	Payment to Loan # 103 Payment to Loan # 103	763	1119-1	15,498.48
03	BK-EN	9/6/2016	Loan # 102 AutoPay Loan # 102 AutoPay	1196	1560-1	3,444.44
03	BK-EN	9/6/2016	Loan # 103 AutoPayment Loan # 103 AutoPayment	1197	1561-1	15,498.48
03	BK-EN	9/30/2016	September Analysis Charge September Analysis Charge	1198	1562-1	486.47
04	BK-EN	10/31/2016	Analysis Charge - October 2016 Analysis Charge - October 2016	1414	1782-1	719.57
04	BK-EN	10/11/2016	Payment to Commercial Loan #103	1419	1787-1	15,498.48

Tri-Valley Learning Corporation
Case No. 16-43112
SoFA Attachment 4 - List of Payments Made to Insiders
From 11/8/15 - 11/8/16

Account Prd.	Source	Date	Description/ Reference	Posting Seq.	Batch-Entry	Debits	Credits
01	AP-PY	7/29/2016	Lysko, Lynn 000000053604-PY00003391	749	1100-32		2,646.73
02	AP-PY	8/18/2016	Lynn Lysko 000050000051-PY00003425	852	1209-14		530.09
02	AP-PY	8/31/2016	Lysko, Lynn 000000054050-PY00003664	943	1299-166		3,536.50
03	AP-PY	9/29/2016	Lynn Lysko 000050000140-PY00003854	1119	1484-1		404.52
04	AP-PY	10/12/2016	Lynn Lysko 000050000175-PY00003952	1229	1596-20		69.11
		4/4/2016	Lynn Lysko, Ed.D 2464		219-1		2,674.57
			TOTAL				9,861.52

APPENDIX G:

Declaration under Penalty of Perjury for Non-Individual Debtors,
dated January 13, 2017
(Form 202)

Fill in this information to identify the case:
Debtor name Tri-Valley Learning Corporation
United States Bankruptcy Court for the: NORTHERN DISTRICT OF CALIFORNIA
Case number (if known) 16-43112

☐ Check if this is an amended filing

Official Form 202

Declaration Under Penalty of Perjury for Non-Individual Debtors

12/15

An individual who is authorized to act on behalf of a non-individual debtor, such as a corporation or partnership, must sign and submit this form for the schedules of assets and liabilities, any other document that requires a declaration that is not included in the document, and any amendments of those documents. This form must state the individual's position or relationship to the debtor, the identity of the document, and the date. Bankruptcy Rules 1008 and 9011.

WARNING -- Bankruptcy fraud is a serious crime. Making a false statement, concealing property, or obtaining money or property by fraud in connection with a bankruptcy case can result in fines up to $500,000 or imprisonment for up to 20 years, or both. 18 U.S.C. §§ 152, 1341, 1519, and 3571.

Declaration and signature

I am the president, another officer, or an authorized agent of the corporation; a member or an authorized agent of the partnership; or another individual serving as a representative of the debtor in this case.

I have examined the information in the documents checked below and I have a reasonable belief that the information is true and correct:

- ■ *Schedule A/B: Assets–Real and Personal Property* (Official Form 206A/B)
- ■ *Schedule D: Creditors Who Have Claims Secured by Property* (Official Form 206D)
- ■ *Schedule E/F: Creditors Who Have Unsecured Claims* (Official Form 206E/F)
- ■ *Schedule G: Executory Contracts and Unexpired Leases* (Official Form 206G)
- ■ *Schedule H: Codebtors* (Official Form 206H)
- ■ *Summary of Assets and Liabilities for Non-Individuals* (Official Form 206Sum)
- ☐ Amended *Schedule* ________
- ☐ *Chapter 11 or Chapter 9 Cases: List of Creditors Who Have the 20 Largest Unsecured Claims and Are Not Insiders* (Official Form 204)
- ☐ Other document that requires a declaration ________

I declare under penalty of perjury that the foregoing is true and correct.

Executed on 1.13.17 X [signature]
Signature of individual signing on behalf of debtor

Lynn Lysko, Ed.D.
Printed name

Chief Executive Officer
Position or relationship to debtor

Fill in this information to identify the case:
Debtor name **Tri-Valley Learning Corporation**
United States Bankruptcy Court for the: NORTHERN DISTRICT OF CALIFORNIA
Case number (if known) **16-43112**

☐ Check if this is an amended filing

Official Form 206Sum
Summary of Assets and Liabilities for Non-Individuals

12/15

Part 1: Summary of Assets

1. *Schedule A/B: Assets-Real and Personal Property* (Official Form 206A/B)

1a. **Real property:** Copy line 88 from *Schedule A/B*	$	**1,020,884.00**
1b. **Total personal property:** Copy line 91A from *Schedule A/B*	$	**2,461,241.15**
1c. **Total of all property:** Copy line 92 from *Schedule A/B*	$	**3,482,125.15**

Part 2: Summary of Liabilities

2. *Schedule D: Creditors Who Have Claims Secured by Property* (Official Form 206D) Copy the total dollar amount listed in Column A, *Amount of claim,* from line 3 of *Schedule D*	$	**30,142,838.40**
3. *Schedule E/F: Creditors Who Have Unsecured Claims* (Official Form 206E/F)		
3a. **Total claim amounts of priority unsecured claims:** Copy the total claims from Part 1 from line 5a of *Schedule E/F*	$	**0.00**
3b. **Total amount of claims of nonpriority amount of unsecured claims:** Copy the total of the amount of claims from Part 2 from line 5b of *Schedule E/F*	+$	**2,555,526.30**
4. **Total liabilities** Lines 2 + 3a + 3b	$	**32,698,364.70**

Fill in this information to identify the case:
Debtor name Tri-Valley Learning Corporation
United States Bankruptcy Court for the: NORTHERN DISTRICT OF CALIFORNIA
Case number (if known) 16-43112

☐ Check if this is an amended filing

Official Form 206A/B

Schedule A/B: Assets - Real and Personal Property

12/15

Disclose all property, real and personal, which the debtor owns or in which the debtor has any other legal, equitable, or future interest. Include all property in which the debtor holds rights and powers exercisable for the debtor's own benefit. Also include assets and properties which have no book value, such as fully depreciated assets or assets that were not capitalized. In Schedule A/B, list any executory contracts or unexpired leases. Also list them on *Schedule G: Executory Contracts and Unexpired Leases* (Official Form 206G).

Be as complete and accurate as possible. If more space is needed, attach a separate sheet to this form. At the top of any pages added, write the debtor's name and case number (if known). Also identify the form and line number to which the additional information applies. If an additional sheet is attached, include the amounts from the attachment in the total for the pertinent part.

For Part 1 through Part 11, list each asset under the appropriate category or attach separate supporting schedules, such as a fixed asset schedule or depreciation schedule, that gives the details for each asset in a particular category. List each asset only once. In valuing the debtor's interest, do not deduct the value of secured claims. See the instructions to understand the terms used in this form.

Part 1: Cash and cash equivalents

1. Does the debtor have any cash or cash equivalents?

☐ No. Go to Part 2.

■ Yes Fill in the information below.

All cash or cash equivalents owned or controlled by the debtor — **Current value of debtor's interest**

2. **Cash on hand** — **$3,998.00**

3. **Checking, savings, money market, or financial brokerage accounts** *(Identify all)*

	Name of institution (bank or brokerage firm)	Type of account	Last 4 digits of account number	Current value of debtor's interest
3.1.	Heritage Bank	Checking	0790	$3,903.00
3.2.	Heritage Bank	Checking	0923	$24,071.00
3.3.	Heritage Bank	Checking	0931	$0.00
3.4.	Heritage Bank	Checking	0949	$0.00
3.5.	Heritage Bank	Checking	0956	$0.00
3.6.	Heritage Bank	Checking	2044	$0.00

3.7. Bank of the West	Checking	7978	$0.00

4. **Other cash equivalents** *(Identify all)*

5. **Total of Part 1.** **$31,972.00**

Add lines 2 through 4 (including amounts on any additional sheets). Copy the total to line 80.

Part 2: Deposits and Prepayments

6. Does the debtor have any deposits or prepayments?

☐ No. Go to Part 3.

■ Yes Fill in the information below.

7. **Deposits, including security deposits and utility deposits**
Description, including name of holder of deposit

7.1. Security deposit - Livermore Sanitation, Inc.	$1,330.16
7.2. Security deposit - Corinthian	$24,376.00
7.3. Security deposit - P.G. & E.	$9,141.07

8. **Prepayments, including prepayments on executory contracts, leases, insurance, taxes, and rent**
Description, including name of holder of prepayment

8.1. Cash with fiscal agent held by UMB in accordance with the 2012 Bonds (held to make up deficiency in principal and interest due for payment or redemption on bonds).	$1,536,307.92

9. **Total of Part 2.** **$1,571,155.15**

Add lines 7 through 8. Copy the total to line 81.

Part 3: Accounts receivable

10. Does the debtor have any accounts receivable?

☐ No. Go to Part 4.

■ Yes Fill in the information below.

11. **Accounts receivable**

11b. Over 90 days old:	855,038.00 (face amount)	-	0.00 (doubtful or uncollectible accounts) =....	$855,038.00

12. **Total of Part 3.** **$855,038.00**

Current value on lines 11a + 11b = line 12. Copy the total to line 82.

Part 4: Investments

13. Does the debtor own any investments?

■ No. Go to Part 5.
☐ Yes Fill in the information below.

Part 5: Inventory, excluding agriculture assets

18. Does the debtor own any inventory (excluding agriculture assets)?

■ No. Go to Part 6.
☐ Yes Fill in the information below.

Part 6: Farming and fishing-related assets (other than titled motor vehicles and land)

27. Does the debtor own or lease any farming and fishing-related assets (other than titled motor vehicles and land)?

■ No. Go to Part 7.
☐ Yes Fill in the information below.

Part 7: Office furniture, fixtures, and equipment; and collectibles

38. Does the debtor own or lease any office furniture, fixtures, equipment, or collectibles?

☐ No. Go to Part 8.
■ Yes Fill in the information below.

	General description	Net book value of debtor's interest (Where available)	Valuation method used for current value	Current value of debtor's interest
39.	Office furniture **Various owned and leased office and school furniture including student desks, chairs, bookcases, filing cabinets, bleachers, easels, and conference room tables.**	$0.00		Unknown
40.	Office fixtures **Various owned and leased fixtures including smart boards, teaching walls, A/V systems, lab hoods, and water fountains.**	$0.00		Unknown
41.	Office equipment, including all computer equipment and communication systems equipment and software **Various owned and leased equipment including TVs, computers, printers, and laptops.**	$0.00		Unknown

42. Collectibles *Examples*: Antiques and figurines; paintings, prints, or other artwork; books, pictures, or other art objects; china and crystal; stamp, coin, or baseball card collections; other collections, memorabilia, or collectibles

43. **Total of Part 7.** **$0.00**
Add lines 39 through 42. Copy the total to line 86.

44. **Is a depreciation schedule available for any of the property listed in Part 7?**
■ No
☐ Yes

45. **Has any of the property listed in Part 7 been appraised by a professional within the last year?**

■ No
☐ Yes

Part 8: Machinery, equipment, and vehicles

46. Does the debtor own or lease any machinery, equipment, or vehicles?

☐ No. Go to Part 9.
■ Yes Fill in the information below.

	General description Include year, make, model, and identification numbers (i.e., VIN, HIN, or N-number)	Net book value of debtor's interest (Where available)	Valuation method used for current value	Current value of debtor's interest
47.	Automobiles, vans, trucks, motorcycles, trailers, and titled farm vehicles			
47.1.	2000 Chevy 16 Passenger Bus Model Express 3500 (owned)	$0.00		Unknown
47.2.	2000 Bluebird 84 Passenger CNG School Bus Model A3RE (owned)	$0.00		Unknown
47.3.	2000 Ford E 250 Van (owned)	$0.00		$3,076.00
47.4.	1990 GMC C7000 truck (owned)	$0.00		Unknown

48. Watercraft, trailers, motors, and related accessories *Examples:* Boats, trailers, motors, floating homes, personal watercraft, and fishing vessels

49. Aircraft and accessories

50. Other machinery, fixtures, and equipment (excluding farm machinery and equipment)

51. Total of Part 8. **$3,076.00**
Add lines 47 through 50. Copy the total to line 87.

52. Is a depreciation schedule available for any of the property listed in Part 8?
■ No
☐ Yes

53. Has any of the property listed in Part 8 been appraised by a professional within the last year?
■ No
☐ Yes

Part 9: Real property

54. Does the debtor own or lease any real property?

☐ No. Go to Part 10.
■ Yes Fill in the information below.

55. Any building, other improved real estate, or land which the debtor owns or in which the debtor has an interest

Description and location of property Include street address or other description such as Assessor Parcel Number (APN), and type	Nature and extent of debtor's interest in property	Net book value of debtor's interest (Where available)	Valuation method used for current value	Current value of debtor's interest

of property (for example, acreage, factory, warehouse, apartment or office building, if available.

55.1.	1016 E. Bianchi Road Stockton, CA 95210	Leasehold	$0.00		$0.00
55.2.	3090 Independence Dr. Livermore, CA 94551	Leasehold	$0.00		$0.00
55.3.	3252 Constitution Dr. Livermore, CA 94551	Leasehold	$0.00		$0.00
55.4.	APN 905-0018-020 in Livermore, CA (adjacent to 3252 Constitution Drive)	Fee Simple	$0.00	Tax records	$1,020,884.00
55.5.	1555/1605 E. March Lane Stockton, CA 95210	Leasehold	$0.00		$0.00

56. **Total of Part 9.** **$1,020,884.00**

Add the current value on lines 55.1 through 55.6 and entries from any additional sheets.
Copy the total to line 88.

57. **Is a depreciation schedule available for any of the property listed in Part 9?**

■ No
☐ Yes

58. **Has any of the property listed in Part 9 been appraised by a professional within the last year?**

■ No
☐ Yes

Part 10: Intangibles and intellectual property

59. **Does the debtor have any interests in intangibles or intellectual property?**

■ No. Go to Part 11.
☐ Yes Fill in the information below.

Part 11: All other assets

70. **Does the debtor own any other assets that have not yet been reported on this form?**
Include all interests in executory contracts and unexpired leases not previously reported on this form.

☐ No. Go to Part 12.
■ Yes Fill in the information below.

Current value of debtor's interest

71. **Notes receivable**
Description (include name of obligor)

72. **Tax refunds and unused net operating losses (NOLs)**
Description (for example, federal, state, local)

73. **Interests in insurance policies or annuities**

74. **Causes of action against third parties (whether or not a lawsuit has been filed)**

Under investigation		**Unknown**
Nature of claim		
Amount requested	**$0.00**	

75. **Other contingent and unliquidated claims or causes of action of every nature, including counterclaims of the debtor and rights to set off claims**

Under investigation		**Unknown**
Nature of claim		
Amount requested	**$0.00**	

76. **Trusts, equitable or future interests in property**

77. **Other property of any kind not already listed** *Examples:* Season tickets, country club membership

78. **Total of Part 11.** **$0.00**
Add lines 71 through 77. Copy the total to line 90.

79. **Has any of the property listed in Part 11 been appraised by a professional within the last year?**
■ No
☐ Yes

Part 12: Summary

In Part 12 copy all of the totals from the earlier parts of the form

Type of property		Current value of personal property		Current value of real property
80. **Cash, cash equivalents, and financial assets.** *Copy line 5, Part 1*		$31,972.00		
81. **Deposits and prepayments.** *Copy line 9, Part 2.*		$1,571,155.15		
82. **Accounts receivable.** *Copy line 12, Part 3.*		$855,038.00		
83. **Investments.** *Copy line 17, Part 4.*		$0.00		
84. **Inventory.** *Copy line 23, Part 5.*		$0.00		
85. **Farming and fishing-related assets.** *Copy line 33, Part 6.*		$0.00		
86. **Office furniture, fixtures, and equipment; and collectibles.** *Copy line 43, Part 7.*		$0.00		
87. **Machinery, equipment, and vehicles.** *Copy line 51, Part 8.*		$3,076.00		
88. **Real property.** *Copy line 56, Part 9*.......>				$1,020,884.00
89. **Intangibles and intellectual property.** *Copy line 66, Part 10.*		$0.00		
90. **All other assets.** *Copy line 78, Part 11.*	+	$0.00		
91. **Total.** Add lines 80 through 90 for each column		$2,461,241.15	+ 91b.	$1,020,884.00

92. **Total of all property on Schedule A/B.** Add lines 91a+91b=92 — **$3,482,125.15**

Fill in this information to identify the case:

Debtor name Tri-Valley Learning Corporation

United States Bankruptcy Court for the: NORTHERN DISTRICT OF CALIFORNIA

Case number (if known) 16-43112

☐ Check if this is an amended filing

Official Form 206D

Schedule D: Creditors Who Have Claims Secured by Property

12/15

Be as complete and accurate as possible.

1. Do any creditors have claims secured by debtor's property?

☐ No. Check this box and submit page 1 of this form to the court with debtor's other schedules. Debtor has nothing else to report on this form.

■ Yes. Fill in all of the information below.

Part 1: List Creditors Who Have Secured Claims

2. List in alphabetical order all creditors who have secured claims. If a creditor has more than one secured claim, list the creditor separately for each claim.

Column A **Amount of claim** Do not deduct the value of collateral.

Column B **Value of collateral that supports this claim**

2.1 Heritage Bank of Commerce
Creditor's Name

150 Almaden Blvd.
San Jose, CA 95113
Creditor's mailing address

Creditor's email address, if known

Describe debtor's property that is subject to a lien
All inventory, chattel paper, accounts, equipment, general intangible and deposit accounts, and the proceeds thereof

Column A: **$518,690.58** Column B: **$0.00**

Describe the lien
Term Loan

Is the creditor an insider or related party?
■ No
☐ Yes

Is anyone else liable on this claim?
■ No
☐ Yes. Fill out *Schedule H: Codebtors* (Official Form 206H)

Date debt was incurred

Last 4 digits of account number

Do multiple creditors have an interest in the same property?
■ No
☐ Yes. Specify each creditor, including this creditor and its relative priority.

As of the petition filing date, the claim is:
Check all that apply
☐ Contingent
☐ Unliquidated
☐ Disputed

2.2 Heritage Bank of Commerce
Creditor's Name

150 Almaden Blvd.
San Jose, CA 95113
Creditor's mailing address

Creditor's email address, if known

Describe debtor's property that is subject to a lien
All inventory, chattel paper, accounts, equipment, general intangible and deposit accounts, and the proceeds thereof

Column A: **$800,000.00** Column B: **$0.00**

Describe the lien
Line of Credit

Is the creditor an insider or related party?
■ No
☐ Yes

Is anyone else liable on this claim?
■ No
☐ Yes. Fill out *Schedule H: Codebtors* (Official Form 206H)

Date debt was incurred

Last 4 digits of account number

Do multiple creditors have an interest in the same property?

As of the petition filing date, the claim is:
Check all that apply

■ No

☐ Yes. Specify each creditor, including this creditor and its relative priority.

☐ Contingent
☐ Unliquidated
☐ Disputed

2.3	UMB Bank, National Association	Describe debtor's property that is subject to a lien	$28,824,147.82	$0.00

Creditor's Name

120 South Sixth Street
Suite 1400
Minneapolis, MN 55402

Creditor's mailing address

Creditor's email address, if known

Date debt was incurred

Last 4 digits of account number

Leasehold Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing and a Deed of Trust with Assignment of Rents, Security Agreement and Fixture Filing

Describe the lien

2012 Secured Bonds

Is the creditor an insider or related party?

■ No
☐ Yes

Is anyone else liable on this claim?

■ No
☐ Yes. Fill out *Schedule H: Codebtors* (Official Form 206H)

Do multiple creditors have an interest in the same property?

■ No
☐ Yes. Specify each creditor, including this creditor and its relative priority.

As of the petition filing date, the claim is:
Check all that apply

☐ Contingent
■ Unliquidated
☐ Disputed

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3. Total of the dollar amounts from Part 1, Column A, including the amounts from the Additional Page, if any. **$30,142,838.40**

Part 2: List Others to Be Notified for a Debt Already Listed in Part 1

List in alphabetical order any others who must be notified for a debt already listed in Part 1. Examples of entities that may be listed are collection agencies, assignees of claims listed above, and attorneys for secured creditors.

If no others need to notified for the debts listed in Part 1, do not fill out or submit this page. If additional pages are needed, copy this page.

Name and address	On which line in Part 1 did you enter the related creditor?	Last 4 digits of account number for this entity
Howard J. Steinberg, Esq. Greenberg Traurig, LLP 1840 Century Park East Suite 1900 Los Angeles, CA 90067	Line 2.3	
Louis J. Cisz III, Esq. Nixon Peabody LLP One Embarcadero Center, 18th Floor San Francisco, CA 94111	Line 2.1	
Louis J. Cisz III, Esq. Nixon Peabody LLP One Embarcadero Center, 18th Floor San Francisco, CA 94111	Line 2.2	

Fill in this information to identify the case:

Debtor name Tri-Valley Learning Corporation

United States Bankruptcy Court for the: NORTHERN DISTRICT OF CALIFORNIA

Case number (if known) 16-43112

☐ Check if this is an amended filing

Official Form 206E/F

Schedule E/F: Creditors Who Have Unsecured Claims 12/15

Be as complete and accurate as possible. Use Part 1 for creditors with PRIORITY unsecured claims and Part 2 for creditors with NONPRIORITY unsecured claims. List the other party to any executory contracts or unexpired leases that could result in a claim. Also list executory contracts on *Schedule A/B: Assets - Real and Personal Property* (Official Form 206A/B) and on *Schedule G: Executory Contracts and Unexpired Leases* (Official Form 206G). Number the entries in Parts 1 and 2 in the boxes on the left. If more space is needed for Part 1 or Part 2, fill out and attach the Additional Page of that Part included in this form.

Part 1: List All Creditors with PRIORITY Unsecured Claims

1. **Do any creditors have priority unsecured claims?** (See 11 U.S.C. § 507).

☐ No. Go to Part 2.

■ Yes. Go to line 2.

2. **List in alphabetical order all creditors who have unsecured claims that are entitled to priority in whole or in part.** If the debtor has more than 3 creditors with priority unsecured claims, fill out and attach the Additional Page of Part 1.

			Total claim	Priority amount
2.1	Priority creditor's name and mailing address **Alameda County Assessor** **1221 Oak Street** **Oakland, CA 94612** Date or dates debt was incurred Last 4 digits of account number Specify Code subsection of PRIORITY unsecured claim: 11 U.S.C. § 507(a) (8)	As of the petition filing date, the claim is: *Check all that apply.* ☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Is the claim subject to offset? ■ No ☐ Yes	**$0.00**	**$0.00**
2.2	Priority creditor's name and mailing address **CA State Board of Equalization** **PO Box 942879** **Sacramento, CA 94279** Date or dates debt was incurred Last 4 digits of account number Specify Code subsection of PRIORITY unsecured claim: 11 U.S.C. § 507(a) (8)	As of the petition filing date, the claim is: *Check all that apply.* ☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Is the claim subject to offset? ■ No ☐ Yes	**$0.00**	**$0.00**

2.3 Priority creditor's name and mailing address
California State Controller
Unclaimed Property Division
10600 White Rock Road #141
Rancho Cordova, CA 95670

As of the petition filing date, the claim is: *Check all that apply.*
- ☐ Contingent
- ☐ Unliquidated
- ☐ Disputed

$0.00 **$0.00**

Date or dates debt was incurred

Basis for the claim:

Last 4 digits of account number

Specify Code subsection of PRIORITY unsecured claim: 11 U.S.C. § 507(a) (8)

Is the claim subject to offset?
- ■ No
- ☐ Yes

2.4 Priority creditor's name and mailing address
Employment Development Department
Bankruptcy Group MIC 92E
PO Box 826880
Sacramento, CA 94280

As of the petition filing date, the claim is: *Check all that apply.*
- ☐ Contingent
- ☐ Unliquidated
- ☐ Disputed

$0.00 **$0.00**

Date or dates debt was incurred

Basis for the claim:

Last 4 digits of account number

Specify Code subsection of PRIORITY unsecured claim: 11 U.S.C. § 507(a) (8)

Is the claim subject to offset?
- ■ No
- ☐ Yes

2.5 Priority creditor's name and mailing address
Franchise Tax Board
Bankruptcy Section MS: A-340
PO Box 2952
Sacramento, CA 95812-2952

As of the petition filing date, the claim is: *Check all that apply.*
- ☐ Contingent
- ☐ Unliquidated
- ☐ Disputed

$0.00 **$0.00**

Date or dates debt was incurred

Basis for the claim:

Last 4 digits of account number

Specify Code subsection of PRIORITY unsecured claim: 11 U.S.C. § 507(a) (8)

Is the claim subject to offset?
- ■ No
- ☐ Yes

2.6 Priority creditor's name and mailing address
Internal Revenue Service
PO Box 7346
Philadelphia, PA 19101-7346

As of the petition filing date, the claim is: *Check all that apply.*
- ☐ Contingent
- ■ Unliquidated
- ☐ Disputed

Unknown **Unknown**

Date or dates debt was incurred

Basis for the claim:

Last 4 digits of account number

Specify Code subsection of PRIORITY unsecured claim: 11 U.S.C. § 507(a) (8)

Is the claim subject to offset?
- ■ No
- ☐ Yes

2.7	Priority creditor's name and mailing address	As of the petition filing date, the claim is:	**$0.00**	**$0.00**
	San Joaquin County Tax Collector **44 N. San Joaquin St. #150** **Stockton, CA 95202**	*Check all that apply.* ☐ Contingent ☐ Unliquidated ☐ Disputed		
	Date or dates debt was incurred	Basis for the claim:		
	Last 4 digits of account number	Is the claim subject to offset?		
	Specify Code subsection of PRIORITY unsecured claim: 11 U.S.C. § 507(a) (8)	■ No ☐ Yes		

2.8	Priority creditor's name and mailing address	As of the petition filing date, the claim is:	**$0.00**	**$0.00**
	Social Security Administration **Office of the General Counsel** **Region IX** **160 Spear Street, Suite 800** **San Francisco, CA 94105-1545**	*Check all that apply.* ☐ Contingent ☐ Unliquidated ☐ Disputed		
	Date or dates debt was incurred	Basis for the claim:		
	Last 4 digits of account number	Is the claim subject to offset?		
	Specify Code subsection of PRIORITY unsecured claim: 11 U.S.C. § 507(a) (8)	■ No ☐ Yes		

2.9	Priority creditor's name and mailing address	As of the petition filing date, the claim is:	**$0.00**	**$0.00**
	United States Department of Education **Bankruptcy Section** **50 Beale Street** **Room 9800** **San Francisco, CA 94105-1863**	*Check all that apply.* ☐ Contingent ☐ Unliquidated ☐ Disputed		
	Date or dates debt was incurred	Basis for the claim:		
	Last 4 digits of account number	Is the claim subject to offset?		
	Specify Code subsection of PRIORITY unsecured claim: 11 U.S.C. § 507(a) (8)	■ No ☐ Yes		

Part 2: List All Creditors with NONPRIORITY Unsecured Claims

3. **List in alphabetical order all of the creditors with nonpriority unsecured claims.** If the debtor has more than 6 creditors with nonpriority unsecured claims, fill out and attach the Additional Page of Part 2.

			Amount of claim
3.1	**Nonpriority creditor's name and mailing address** **1st Impression Synthetic Lawns & Greens** **2156 San Ramon Valley Blvd, 2nd Floor** **San Ramon, CA 94583** **Date(s) debt was incurred** _ **Last 4 digits of account number** _	**As of the petition filing date, the claim is:** *Check all that apply.* ☐ Contingent ☐ Unliquidated ☐ Disputed **Basis for the claim:** Trade Debt Is the claim subject to offset? ■ No ☐ Yes	**$375.00**
3.2	**Nonpriority creditor's name and mailing address** **1st Security And Sound Inc.** **1025 Lone Palm Ave, Suite 1A** **Modesto, CA 95351** **Date(s) debt was incurred** _ **Last 4 digits of account number** _	**As of the petition filing date, the claim is:** *Check all that apply.* ☐ Contingent ☐ Unliquidated ☐ Disputed **Basis for the claim:** Trade Debt Is the claim subject to offset? ■ No ☐ Yes	**$600.00**

3.3	Nonpriority creditor's name and mailing address **3090 LLC** **30960 Huntwood Ave.** **Hayward, CA 94544** Date(s) debt was incurred _ Last 4 digits of account number _	As of the petition filing date, the claim is: *Check all that apply.* ☐ Contingent ☐ Unliquidated ■ Disputed Basis for the claim: Lease Is the claim subject to offset? ■ No ☐ Yes No Lease	**$268,000.00**
3.4	Nonpriority creditor's name and mailing address **Accelerate Center Inc** **PO Box 890445** **Temecula, CA 92589-0445** Date(s) debt was incurred _ Last 4 digits of account number _	As of the petition filing date, the claim is: *Check all that apply.* ☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	**$776.50**
3.5	Nonpriority creditor's name and mailing address **Accrediting Commission for Schools** **533 Airport Blvd., Suite 200** **ATTN: Sue Lange** **Burlingame, CA 94010** Date(s) debt was incurred _ Last 4 digits of account number _	As of the petition filing date, the claim is: *Check all that apply.* ☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	**$850.00**
3.6	Nonpriority creditor's name and mailing address **Advantel Networks** **2222 Trade Zone Blvd** **San Jose, CA 95131-1845** Date(s) debt was incurred _ Last 4 digits of account number _	As of the petition filing date, the claim is: *Check all that apply.* ☐ Contingent ☐ Unliquidated ■ Disputed Basis for the claim: Litigation Is the claim subject to offset? ■ No ☐ Yes	**$246,234.05**
3.7	Nonpriority creditor's name and mailing address **Alameda County Offices of Education** **313 West Winton Avenue** **Hayward, CA 94544** Date(s) debt was incurred _ Last 4 digits of account number _	As of the petition filing date, the claim is: *Check all that apply.* ☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	**$1,649.72**
3.8	Nonpriority creditor's name and mailing address **Alexandra Tucker** **5663 Felicia Ave.** **Livermore, CA 94550** Date(s) debt was incurred _ Last 4 digits of account number _	As of the petition filing date, the claim is: *Check all that apply.* ☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	**$50.00**
3.9	Nonpriority creditor's name and mailing address **All Cal Glass** **PO Box 1440** **Linden, CA 95236** Date(s) debt was incurred _ Last 4 digits of account number _	As of the petition filing date, the claim is: *Check all that apply.* ☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	**$1,067.57**

CPA Not listed here but
$60K on debt

3.10	**Nonpriority creditor's name and mailing address** Allied Health Media, LLC PO Box 301637 Dallas, TX 75303-1637 Date(s) debt was incurred _ Last 4 digits of account number _	**As of the petition filing date, the claim is:** *Check all that apply.* ☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	$89.00
3.11	**Nonpriority creditor's name and mailing address** Alyssia Alvarez 217 E Locust St. Apt. #4 Lodi, CA 95240 Date(s) debt was incurred _ Last 4 digits of account number _	**As of the petition filing date, the claim is:** *Check all that apply.* ☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	$10.00
3.12	**Nonpriority creditor's name and mailing address** Andrew Brand C/O Da Vega Fisher Mechtenberg LLP 955 Benecia Ave. Sunnyvale, CA 94085 Date(s) debt was incurred _ Last 4 digits of account number _	**As of the petition filing date, the claim is:** *Check all that apply.* ☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Litigation Is the claim subject to offset? ■ No ☐ Yes	$37,500.00
3.13	**Nonpriority creditor's name and mailing address** AP Exams PO Box 6671 Princeton, NJ 08541-6671 Date(s) debt was incurred _ Last 4 digits of account number _	**As of the petition filing date, the claim is:** *Check all that apply.* ☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	$12,878.00
3.14	**Nonpriority creditor's name and mailing address** Art's & Security Locksmith, Inc. 1742 Second Street Livermore, CA 94550-4330 Date(s) debt was incurred _ Last 4 digits of account number _	**As of the petition filing date, the claim is:** *Check all that apply.* ☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	$99.42
3.15	**Nonpriority creditor's name and mailing address** AVID Center PO BOX 844808 Los Angeles, CA 90084-4808 Date(s) debt was incurred _ Last 4 digits of account number _	**As of the petition filing date, the claim is:** *Check all that apply.* ☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	$11,328.00
3.16	**Nonpriority creditor's name and mailing address** Axiom Analytix 4935 Hillsdale Circle El Dorado Hills, CA 95762 Date(s) debt was incurred _ Last 4 digits of account number _	**As of the petition filing date, the claim is:** *Check all that apply.* ☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	$2,400.00

3.17	Nonpriority creditor's name and mailing address **Axiom Management Advisors & Consultants** **P.O Box 5025** **Carol Stream, IL 60197-5025** Date(s) debt was incurred _ Last 4 digits of account number _	As of the petition filing date, the claim is: *Check all that apply.* ☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	$300.00
3.18	Nonpriority creditor's name and mailing address **B.C. Glass of Stockton** **10144 Lower Sacramento Rd.** **Stockton, CA 95210** Date(s) debt was incurred _ Last 4 digits of account number _	As of the petition filing date, the claim is: *Check all that apply.* ☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	$380.00
3.19	Nonpriority creditor's name and mailing address **Barnes & Noble** **PO BOX 930455** **Atlanta, GA 31193-0455** Date(s) debt was incurred _ Last 4 digits of account number _	As of the petition filing date, the claim is: *Check all that apply.* ☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	$1,022.55
3.20	Nonpriority creditor's name and mailing address **Bay Air Systems** **1300 Galaxy Way #9** **Concord, CA 94520-4922** Date(s) debt was incurred _ Last 4 digits of account number _	As of the petition filing date, the claim is: *Check all that apply.* ☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	$1,087.51
3.21	Nonpriority creditor's name and mailing address **Bay Area YearBook Seminar** **1608 W. Campbell Avenue #232** **Campbell, CA 95008** Date(s) debt was incurred _ Last 4 digits of account number _	As of the petition filing date, the claim is: *Check all that apply.* ☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	$1,600.00
3.22	Nonpriority creditor's name and mailing address **BCwholesale Distribution Company** **130 N. Santa Cruz Avenue** **Modesto, CA 95354** Date(s) debt was incurred _ Last 4 digits of account number _	As of the petition filing date, the claim is: *Check all that apply.* ☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	$1,146.43
3.23	Nonpriority creditor's name and mailing address **Bianchi Impact** **Successor to Acre Investment Company** **7901 Stoneridge Drive** **Suite 120** **Pleasanton, CA 94588** Date(s) debt was incurred _ Last 4 digits of account number _	As of the petition filing date, the claim is: *Check all that apply.* ■ Contingent ■ Unliquidated ☐ Disputed Basis for the claim: Lease Is the claim subject to offset? ■ No ☐ Yes	Unknown

3.24 Nonpriority creditor's name and mailing address Brain Pop LLC P.O. Box 28119 New York, NY 10087-8119 Date(s) debt was incurred _ Last 4 digits of account number _	As of the petition filing date, the claim is: *Check all that apply.* ☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	$1,695.00
3.25 Nonpriority creditor's name and mailing address Butch Young Fire Equipment, Inc. 1101 W. Freemont St. Stockton, CA 95203 Date(s) debt was incurred _ Last 4 digits of account number _	As of the petition filing date, the claim is: *Check all that apply.* ☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	$603.17
3.26 Nonpriority creditor's name and mailing address Buy Direct Signs 2020 4th Ave SW Watertown, SD 57201 Date(s) debt was incurred _ Last 4 digits of account number _	As of the petition filing date, the claim is: *Check all that apply.* ☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	$14,006.00
3.27 Nonpriority creditor's name and mailing address CA Charter Schools Conference Registrati 1277 University of Oregon Eugene, OR 97403-1277 Date(s) debt was incurred _ Last 4 digits of account number _	As of the petition filing date, the claim is: *Check all that apply.* ☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	$4,125.00
3.28 Nonpriority creditor's name and mailing address California Chamber of Commerce po bOX 398342 San Francisco, CA 94139 Date(s) debt was incurred _ Last 4 digits of account number _	As of the petition filing date, the claim is: *Check all that apply.* ☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	$124.26
3.29 Nonpriority creditor's name and mailing address California Department of Education P.O. Box 515006 Sacramento, CA 95851-5006 Date(s) debt was incurred _ Last 4 digits of account number _	As of the petition filing date, the claim is: *Check all that apply.* ☐ Contingent ■ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	$16,463.00
3.30 Nonpriority creditor's name and mailing address California Great America 2401 Agnew Road Santa Clara, CA 95054 Date(s) debt was incurred _ Last 4 digits of account number _	As of the petition filing date, the claim is: *Check all that apply.* ☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	$477.00

	Nonpriority creditor's name and mailing address	As of the petition filing date, the claim is: Check all that apply.	Amount
3.31	California Water Services PO Box 940001 San Jose, CA 95194-0001 Date(s) debt was incurred _ Last 4 digits of account number _	☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	$10,934.06
3.32	CareerStaff Unlimited P.O. Box 301076 Dallas, TX 75303-1076 Date(s) debt was incurred _ Last 4 digits of account number _	☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	$1,260.00
3.33	Charlie's Day & Nite Safes-Locks-Keys 706 N. El Dorado St Stockton, CA 95202 Date(s) debt was incurred _ Last 4 digits of account number _	☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	$146.70
3.34	Charter School Management Corporation 43460 Ridge Park Drive, Suite 100 Temecula, CA 92590 Date(s) debt was incurred _ Last 4 digits of account number _	☐ Contingent ☐ Unliquidated ■ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ☐ No ■ Yes	$16,110.00
3.35	City of Livermore 1052 South Livermore Avenue Attn: Accounts Receivable Livermore, CA 94550-4813 Date(s) debt was incurred _ Last 4 digits of account number _	☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	$171.84
3.36	City of Livermore - Water Service 1052 S. Livermore Ave., Utility Dep. Livermore, CA 94550 Date(s) debt was incurred _ Last 4 digits of account number _	☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	$282.88
3.37	City of San Ramon 12501 Alcosta Blvd. San Ramon, CA 94583 Date(s) debt was incurred _ Last 4 digits of account number _	☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	$1,100.00

3.38	**Nonpriority creditor's name and mailing address** City of Stockton PO Box 2590 Omaha, NE 68103-2590 **Date(s) debt was incurred** _ **Last 4 digits of account number** _	**As of the petition filing date, the claim is:** *Check all that apply.* ☐ Contingent ☐ Unliquidated ☐ Disputed **Basis for the claim:** Trade Debt Is the claim subject to offset? ■ No ☐ Yes	$734.14
3.39	**Nonpriority creditor's name and mailing address** Clark Pest Control, Inc. PO Box 1480 Lodi, CA 95241-1480 **Date(s) debt was incurred** _ **Last 4 digits of account number** _	**As of the petition filing date, the claim is:** *Check all that apply.* ☐ Contingent ☐ Unliquidated ☐ Disputed **Basis for the claim:** Trade Debt Is the claim subject to offset? ■ No ☐ Yes	$3,270.03
3.40	**Nonpriority creditor's name and mailing address** CleanNet of the Bay Area 333 Hegenberger Rd. STE 806 Oakland, CA 94621 **Date(s) debt was incurred** _ **Last 4 digits of account number** _	**As of the petition filing date, the claim is:** *Check all that apply.* ☐ Contingent ☐ Unliquidated ☐ Disputed **Basis for the claim:** Trade Debt Is the claim subject to offset? ■ No ☐ Yes	$4,150.00
3.41	**Nonpriority creditor's name and mailing address** Comcast PO Box 34744 Seattle, WA 98124-1744 **Date(s) debt was incurred** _ **Last 4 digits of account number** _	**As of the petition filing date, the claim is:** *Check all that apply.* ☐ Contingent ☐ Unliquidated ☐ Disputed **Basis for the claim:** Trade Debt Is the claim subject to offset? ■ No ☐ Yes	$4,221.12
3.42	**Nonpriority creditor's name and mailing address** Crestline Specialties Inc. P.O. Box 712144 Cincinnati, OH 45271-2144 **Date(s) debt was incurred** _ **Last 4 digits of account number** _	**As of the petition filing date, the claim is:** *Check all that apply.* ☐ Contingent ☐ Unliquidated ☐ Disputed **Basis for the claim:** Trade Debt Is the claim subject to offset? ■ No ☐ Yes	$268.42
3.43	**Nonpriority creditor's name and mailing address** Crown Awards 9 Skyline Dr. Hawthorne, NY 10532 **Date(s) debt was incurred** _ **Last 4 digits of account number** _	**As of the petition filing date, the claim is:** *Check all that apply.* ☐ Contingent ☐ Unliquidated ☐ Disputed **Basis for the claim:** Trade Debt Is the claim subject to offset? ■ No ☐ Yes	$144.08
3.44	**Nonpriority creditor's name and mailing address** Darim Vision Inc. 231 Market Pl. #510 San Ramon, CA 94583 **Date(s) debt was incurred** _ **Last 4 digits of account number** _	**As of the petition filing date, the claim is:** *Check all that apply.* ☐ Contingent ■ Unliquidated ☐ Disputed **Basis for the claim:** Rent Is the claim subject to offset? ■ No ☐ Yes	$26,567.89

	Nonpriority creditor's name and mailing address	As of the petition filing date, the claim is: *Check all that apply.*	Amount
3.45	**Department of Justice** **Cashiering Unit P.O. Box 944255** **Sacramento, CA 94244-2550** Date(s) debt was incurred _ Last 4 digits of account number _	☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	$294.00
3.46	**DeSoto Cab Company LLC** **7063 Commerce Cir Suite C And D** **Pleasanton, CA 94588** Date(s) debt was incurred _ Last 4 digits of account number _	☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	$7,320.00
3.47	**EagleAir** **2021 Las Positas Ct.** **Suite 107** **Livermore, CA 94551** Date(s) debt was incurred _ Last 4 digits of account number _	☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	$666.00
3.48	**Ed Support Services** **1900 Embarcadero** **Suite 310** **Oakland, CA 94606** Date(s) debt was incurred _ Last 4 digits of account number _	☐ Contingent ■ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	$15,880.50
3.49	**Edgewood Press, Inc.** **1130 North Main St.** **Orange, CA 92867** Date(s) debt was incurred _ Last 4 digits of account number _	☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	$665.55
3.50	**EdTec, Inc.** **1410A 62nd Street** **Emeryville, CA 94608** Date(s) debt was incurred _ Last 4 digits of account number _	☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	$1,968.75
3.51	**EdTech Team Inc.** **5405 Alton Parkway** **Suite 5A-305** **Irvine, CA 92604** Date(s) debt was incurred _ Last 4 digits of account number _	☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	$2,590.00

3.52	Nonpriority creditor's name and mailing address **Educational Theatre Assocation** **PO Box 645084** **Cincinnati, OH 45264-5084** Date(s) debt was incurred _ Last 4 digits of account number _	As of the petition filing date, the claim is: *Check all that apply.* ☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	$85.00
3.53	Nonpriority creditor's name and mailing address **Elementary Fundraising Committee** **1016 E. Bianchi Rd.** **Stockton, CA 95210** Date(s) debt was incurred _ Last 4 digits of account number _	As of the petition filing date, the claim is: *Check all that apply.* ☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	$715.17
3.54	Nonpriority creditor's name and mailing address **Eric Edmond** **C/O Da Vega Fisher Mechtenberg LLP** **955 Benecia Ave.** **Sunnyvale, CA 94085** Date(s) debt was incurred _ Last 4 digits of account number _	As of the petition filing date, the claim is: *Check all that apply.* ☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Litigation Is the claim subject to offset? ■ No ☐ Yes	$37,500.00
3.55	Nonpriority creditor's name and mailing address **Farbstein & Blackman, A Professional Cor** **411 Borel Avenue** **San Mateo, CA 94402** Date(s) debt was incurred _ Last 4 digits of account number _	As of the petition filing date, the claim is: *Check all that apply.* ☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Professional Services Is the claim subject to offset? ■ No ☐ Yes	$17,421.30
3.56	Nonpriority creditor's name and mailing address **Farmer & Betts** **6050 -20th St E** **Tacoma, WA 98424** Date(s) debt was incurred _ Last 4 digits of account number _	As of the petition filing date, the claim is: *Check all that apply.* ☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	$4,335.00
3.57	Nonpriority creditor's name and mailing address **First Capitol Consulting Inc** **3530 Wilshire Blvd. Ste 1460** **Los Angeles, CA 90010** Date(s) debt was incurred _ Last 4 digits of account number _	As of the petition filing date, the claim is: *Check all that apply.* ☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	$4,684.00
3.58	Nonpriority creditor's name and mailing address **Follett School Solution, Inc.** **91826 Collection Center Dr.** **Chicago, IL 60693-0918** Date(s) debt was incurred _ Last 4 digits of account number _	As of the petition filing date, the claim is: *Check all that apply.* ☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	$1,528.00

	Nonpriority creditor's name and mailing address	As of the petition filing date, the claim is: *Check all that apply.*	Amount
3.59	**Ginger Jordan** **C/O Da Vega Fisher Mechtenberg LLP** **955 Benecia Ave.** **Sunnyvale, CA 94085** Date(s) debt was incurred _ Last 4 digits of account number _	☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Litigation Is the claim subject to offset? ■ No ☐ Yes	**$37,500.00**
3.60	**Gloria Cervantes** **C/O Da Vega Fisher Mechtenberg LLP** **955 Benecia Ave.** **Sunnyvale, CA 94085** Date(s) debt was incurred _ Last 4 digits of account number _	☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Litigation Is the claim subject to offset? ■ No ☐ Yes	**$37,500.00**
3.61	**Glynlyon, Inc.** **300 N McKemy Ave** **Chandler, AZ 85226-2618** Date(s) debt was incurred _ Last 4 digits of account number _	☐ Contingent ■ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	**$12,500.00**
3.62	**Greatmats** **117 Industrial Avenue** **Milltown, WI 54858** Date(s) debt was incurred _ Last 4 digits of account number _	☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	**$3,792.27**
3.63	**Greenfield Learning Inc.** **125 South Main Street, #317** **Sebastopol, CA 95472** Date(s) debt was incurred _ Last 4 digits of account number _	☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	**$9,350.00**
3.64	**Harris School Solutions** **62133 Collections Center Drive-an uninco** **Chicago, IL 60693-0621** Date(s) debt was incurred _ Last 4 digits of account number _	☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	**$6,841.63**
3.65	**HD Supply** **P.O. Box 509058** **San Diego, CA 92150-9058** Date(s) debt was incurred _ Last 4 digits of account number _	☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	**$5.49**

3.66 Nonpriority creditor's name and mailing address
Herberger Publications, Inc.
Sandy Tokunaga
PO Box 307
Galt, CA 95632
Date(s) debt was incurred _
Last 4 digits of account number _

As of the petition filing date, the claim is: *Check all that apply.* **$710.35**
☐ Contingent
☐ Unliquidated
☐ Disputed
Basis for the claim: Trade Debt
Is the claim subject to offset? ■ No ☐ Yes

3.67 Nonpriority creditor's name and mailing address
Homecourt Publishers, LLC
2435 East North St., #245
Greenville, SC 29615-1442
Date(s) debt was incurred _
Last 4 digits of account number _

As of the petition filing date, the claim is: *Check all that apply.* **$399.00**
☐ Contingent
☐ Unliquidated
☐ Disputed
Basis for the claim: Trade Debt
Is the claim subject to offset? ■ No ☐ Yes

3.68 Nonpriority creditor's name and mailing address
Houghton Mifflin Harcourt Publishing Co
222 Berkeley Street
Boston, MA 02116
Date(s) debt was incurred _
Last 4 digits of account number _

As of the petition filing date, the claim is: *Check all that apply.* **$319,367.53**
☐ Contingent
■ Unliquidated
☐ Disputed
Basis for the claim: Trade Debt
Is the claim subject to offset? ■ No ☐ Yes

3.69 Nonpriority creditor's name and mailing address
Indepdendence Support, LLC
Califoria Preparatory Academies
3090 Independence Drive
Livermore, CA 94551
Date(s) debt was incurred _
Last 4 digits of account number _

As of the petition filing date, the claim is: *Check all that apply.* **$58,000.00** ??
☐ Contingent
■ Unliquidated
☐ Disputed
Basis for the claim: Lease
Is the claim subject to offset? ■ No ☐ Yes

$ 17,000
w/ $ 58,000

3.70 Nonpriority creditor's name and mailing address
Jennfier Dais
C/O Da Vega Fisher Mechtenberg LLP
955 Benecia Ave.
Sunnyvale, CA 94085
Date(s) debt was incurred _
Last 4 digits of account number _

As of the petition filing date, the claim is: *Check all that apply.* **$37,500.00**
☐ Contingent
☐ Unliquidated
☐ Disputed
Basis for the claim: Litigation
Is the claim subject to offset? ■ No ☐ Yes

3.71 Nonpriority creditor's name and mailing address
Jergen's Inc
627 East Oak St.
Lodi, CA 95240
Date(s) debt was incurred _
Last 4 digits of account number _

As of the petition filing date, the claim is: *Check all that apply.* **$90.00**
☐ Contingent
☐ Unliquidated
☐ Disputed
Basis for the claim: Trade Debt
Is the claim subject to offset? ■ No ☐ Yes

3.72 Nonpriority creditor's name and mailing address
Johnson Controls
PO Box 730068
Dallas, TX 75373
Date(s) debt was incurred _
Last 4 digits of account number _

As of the petition filing date, the claim is: *Check all that apply.* **$1,573.00**
☐ Contingent
☐ Unliquidated
☐ Disputed
Basis for the claim: Trade Debt
Is the claim subject to offset? ■ No ☐ Yes

3.73	Nonpriority creditor's name and mailing address **Jostens** **21336 Network Place** **Chicago, IL 60673-1213** Date(s) debt was incurred _ Last 4 digits of account number _	As of the petition filing date, the claim is: *Check all that apply.* ☐ Contingent ■ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	**$10,013.64**
3.74	Nonpriority creditor's name and mailing address **JT Construction** **5622 Shorehaven Circle** **Livermore, CA 94551** Date(s) debt was incurred _ Last 4 digits of account number _	As of the petition filing date, the claim is: *Check all that apply.* ☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	**$614.49**
3.75	Nonpriority creditor's name and mailing address **Junk Pros** **136 Canyon Lakes Way** **San Ramon, CA 94582** Date(s) debt was incurred _ Last 4 digits of account number _	As of the petition filing date, the claim is: *Check all that apply.* ☐ Contingent ■ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	**$14,166.00**
3.76	Nonpriority creditor's name and mailing address **JW Pepper & Son, Inc.** **PO Box 642** **Exton, PA 19341** Date(s) debt was incurred _ Last 4 digits of account number _	As of the petition filing date, the claim is: *Check all that apply.* ☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	**$601.30**
3.77	Nonpriority creditor's name and mailing address **Kelsey Conway** **1015 Padua Way** **Livermore, CA 94550** Date(s) debt was incurred _ Last 4 digits of account number _	As of the petition filing date, the claim is: *Check all that apply.* ☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	**$65.00**
3.78	Nonpriority creditor's name and mailing address **Khadijah Warren** **C/O Da Vega Fisher Mechtenberg LLP** **955 Benecia Ave.** **Sunnyvale, CA 94085** Date(s) debt was incurred _ Last 4 digits of account number _	As of the petition filing date, the claim is: *Check all that apply.* ☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Litigation Is the claim subject to offset? ■ No ☐ Yes	**$37,500.00**
3.79	Nonpriority creditor's name and mailing address **Kimberly Adams** **1126 Canton Ave.** **Livermore, CA 94550-5524** Date(s) debt was incurred _ Last 4 digits of account number _	As of the petition filing date, the claim is: *Check all that apply.* ☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	**$6,420.77**

	Nonpriority creditor's name and mailing address	As of the petition filing date, the claim is: *Check all that apply.*	Amount
3.80	**Lakeshore Learning Store** **2695 E Dominguez St** **Carson, CA 90895** Date(s) debt was incurred _ Last 4 digits of account number _	☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	$456.72
3.81	**Larkin Street Youth Services** **134 Golden Gate Avenue** **San Francisco, CA 94102** Date(s) debt was incurred _ Last 4 digits of account number _	☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	$250.00
3.82	**Laura V. Fuentes** **135 East Alder St** **Stockton, CA 95204** Date(s) debt was incurred _ Last 4 digits of account number _	☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	$64.00
3.83	**LeAnn Meser** **1120 Cedar Creek Ct.** **Apt. 12** **Modesto, CA 95355** Date(s) debt was incurred _ Last 4 digits of account number _	☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	$4,500.00
3.84	**Legacy Mechanical & Energy Services, Inc** **Suite 410** **San Ramon, CA 94583** Date(s) debt was incurred _ Last 4 digits of account number _	☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	$550.00
3.85	**Lifetouch** **PO Box 46993** **Eden Prairie, MN 55344-9728** Date(s) debt was incurred _ Last 4 digits of account number _	☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	$2,178.15
3.86	**Livermore Sanitation, Inc.** **7000 National Dr.** **Livermore, CA 94550-8814** Date(s) debt was incurred _ Last 4 digits of account number _	☐ Contingent ■ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	$13,547.65

	Nonpriority creditor's name and mailing address	As of the petition filing date, the claim is: *Check all that apply.*	Amount
3.87	**Livermore Valley Chamber of Commerce** **2157 1st St.** **Livermore, CA 94550-4543** Date(s) debt was incurred _ Last 4 digits of account number _	☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	**$215.00**
3.88	**Mack Designs** **5697 Agatha Way** **Livermore, CA 94550** Date(s) debt was incurred _ Last 4 digits of account number _	☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	**$274.68**
3.89	**Madera Co. Office of Education** **1105 S. Madera Avenue** **Madera, CA 93637-5576** Date(s) debt was incurred _ Last 4 digits of account number _	☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	**$10,264.00**
3.90	**Makerbot** **One Metro Tech Center, 21st Floor** **Brooklyn, NY 11201** Date(s) debt was incurred _ Last 4 digits of account number _	☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	**$155.75**
3.91	**Manuel Casilla** **C/O Da Vega Fisher Mechtenberg LLP** **955 Benecia Ave.** **Sunnyvale, CA 94085** Date(s) debt was incurred _ Last 4 digits of account number _	☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Litigation Is the claim subject to offset? ■ No ☐ Yes	**$37,500.00**
3.92	**Martin Oliveira** **PO Box 249** **Danville, CA 94526** Date(s) debt was incurred _ Last 4 digits of account number _	☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	**$127.89**
3.93	**Maverick Networks Inc** **7060 Koll Center Pkwy, #306** **Pleasanton, CA 94566** Date(s) debt was incurred _ Last 4 digits of account number _	☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	**$4,860.68**

3.94	**Nonpriority creditor's name and mailing address** McGraw-Hill School Education Holdings, L PO Box 182605 Columbus, OH 43218 Date(s) debt was incurred _ Last 4 digits of account number _	**As of the petition filing date, the claim is:** *Check all that apply.* ☐ Contingent ■ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	$104,822.68
3.95	**Nonpriority creditor's name and mailing address** Melissa Lucas 487 Edgefield Pl. Brentwood, CA 94513 Date(s) debt was incurred _ Last 4 digits of account number _	**As of the petition filing date, the claim is:** *Check all that apply.* ☐ Contingent ■ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	$7,379.00
3.96	**Nonpriority creditor's name and mailing address** Michael Gomez C/O Da Vega Fisher Mechtenberg LLP 955 Benecia Ave. Sunnyvale, CA 94085 Date(s) debt was incurred _ Last 4 digits of account number _	**As of the petition filing date, the claim is:** *Check all that apply.* ☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Litigation Is the claim subject to offset? ■ No ☐ Yes	$37,500.00
3.97	**Nonpriority creditor's name and mailing address** Mobile Modular P.O. Box 45043 San Francisco, CA 94145-0043 Date(s) debt was incurred _ Last 4 digits of account number _	**As of the petition filing date, the claim is:** *Check all that apply.* ☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	$965.88
3.98	**Nonpriority creditor's name and mailing address** Mouser Electronics P.O. Box 99319 Forth Worth, TX 76199-0319 Date(s) debt was incurred _ Last 4 digits of account number _	**As of the petition filing date, the claim is:** *Check all that apply.* ☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	$395.00
3.99	**Nonpriority creditor's name and mailing address** Multi Health Systems, Inc. P.O. Box 950 North Tonawanda, NY 14120-0950 Date(s) debt was incurred _ Last 4 digits of account number _	**As of the petition filing date, the claim is:** *Check all that apply.* ☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	$140.32
3.100	**Nonpriority creditor's name and mailing address** Musick, Peeler & Garrett, LLP One Wilshire Blvd., Suite 200 Los Angeles, CA 90017-3383 Date(s) debt was incurred _ Last 4 digits of account number _	**As of the petition filing date, the claim is:** *Check all that apply.* ☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	$7,992.50

3.101 Nonpriority creditor's name and mailing address
Nasco
PO Box 101
Salida, CA 95368
Date(s) debt was incurred _
Last 4 digits of account number _

As of the petition filing date, the claim is: *Check all that apply.* $1,265.76
☐ Contingent
☐ Unliquidated
☐ Disputed
Basis for the claim: Trade Debt
Is the claim subject to offset? ■ No ☐ Yes

3.102 Nonpriority creditor's name and mailing address
NCS Pearson
13036 Collection Center Drive
Chicago, IL 60693
Date(s) debt was incurred _
Last 4 digits of account number _

As of the petition filing date, the claim is: *Check all that apply.* $578.53
☐ Contingent
☐ Unliquidated
☐ Disputed
Basis for the claim: Trade Debt
Is the claim subject to offset? ■ No ☐ Yes

3.103 Nonpriority creditor's name and mailing address
netStyle Corp
2706 S. Nelson St
Arlington, VA 22206
Date(s) debt was incurred _
Last 4 digits of account number _

As of the petition filing date, the claim is: *Check all that apply.* $138.00
☐ Contingent
☐ Unliquidated
☐ Disputed
Basis for the claim: Trade Debt
Is the claim subject to offset? ■ No ☐ Yes

3.104 Nonpriority creditor's name and mailing address
New Jerusalem Elementary School District
31400 South Koster Road
Tracy, CA 95304
Date(s) debt was incurred _
Last 4 digits of account number _

As of the petition filing date, the claim is: *Check all that apply.* $139,414.00
☐ Contingent
☐ Unliquidated
■ Disputed
Basis for the claim: Litigation
Is the claim subject to offset? ■ No ☐ Yes

3.105 Nonpriority creditor's name and mailing address
Nicchi Storey
2768 Kennedy St.
Livermore, CA 94551
Date(s) debt was incurred _
Last 4 digits of account number _

As of the petition filing date, the claim is: *Check all that apply.* $1,640.00
☐ Contingent
☐ Unliquidated
☐ Disputed
Basis for the claim: Trade Debt
Is the claim subject to offset? ■ No ☐ Yes

3.106 Nonpriority creditor's name and mailing address
Northwest Evaluation Association
121 NW Everett St
Portland, OR 97209
Date(s) debt was incurred _
Last 4 digits of account number _

As of the petition filing date, the claim is: *Check all that apply.* $3,645.00
☐ Contingent
☐ Unliquidated
☐ Disputed
Basis for the claim: Trade Debt
Is the claim subject to offset? ■ No ☐ Yes

3.107 Nonpriority creditor's name and mailing address
Office Depot
PO Box 29248
Phoenix, AZ 85038-9248
Date(s) debt was incurred _
Last 4 digits of account number _

As of the petition filing date, the claim is: *Check all that apply.* $822.36
☐ Contingent
☐ Unliquidated
☐ Disputed
Basis for the claim: Trade Debt
Is the claim subject to offset? ■ No ☐ Yes

3.108	Nonpriority creditor's name and mailing address **Oriental Trading Company** **PO Box 14502** **Des Moines, IA 50306-3502** Date(s) debt was incurred _ Last 4 digits of account number _	As of the petition filing date, the claim is: *Check all that apply.* ☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	$247.34
3.109	Nonpriority creditor's name and mailing address **P G & E** **PO Box 997300** **Sacramento, CA 95899-7300** Date(s) debt was incurred _ Last 4 digits of account number _	As of the petition filing date, the claim is: *Check all that apply.* ☐ Contingent ■ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	$31,200.90
3.110	Nonpriority creditor's name and mailing address **Pacific Mobile Structures, Inc** **PO Box 1404** **Chehalis, WA 98532** Date(s) debt was incurred _ Last 4 digits of account number _	As of the petition filing date, the claim is: *Check all that apply.* ☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	$6,065.85
3.111	Nonpriority creditor's name and mailing address **Patrick Bong** **845 Hickory Way** **Fremont, CA 94536** Date(s) debt was incurred _ Last 4 digits of account number _	As of the petition filing date, the claim is: *Check all that apply.* ☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	$55.00
3.112	Nonpriority creditor's name and mailing address **Pearson Clinical Assessment** **PO Box 599800** **San Antonio, TX 78259** Date(s) debt was incurred _ Last 4 digits of account number _	As of the petition filing date, the claim is: *Check all that apply.* ☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	$833.37
3.113	Nonpriority creditor's name and mailing address **Pitney Bowes Global Financial Services L** **PO Box 371887** **Pittsburgh, PA 15250-7887** Date(s) debt was incurred _ Last 4 digits of account number _	As of the petition filing date, the claim is: *Check all that apply.* ☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	$423.70
3.114	Nonpriority creditor's name and mailing address **Platt.com** **PO Box 418759** **Boston, MA 02241-8759** Date(s) debt was incurred _ Last 4 digits of account number _	As of the petition filing date, the claim is: *Check all that apply.* ☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	$245.13

3.115	Nonpriority creditor's name and mailing address	As of the petition filing date, the claim is: *Check all that apply.*	$2,033.69
	PostalAnnex#3009 2150 Portola Ave, Suite D Livermore, CA 94551	☐ Contingent ☐ Unliquidated ☐ Disputed	
	Date(s) debt was incurred _	Basis for the claim: Trade Debt	
	Last 4 digits of account number _	Is the claim subject to offset? ■ No ☐ Yes	

3.116	Nonpriority creditor's name and mailing address	As of the petition filing date, the claim is: *Check all that apply.*	$10,450.00
	PowerSchool Group, LLC 150 Parkshore Drive Folsom, CA 95630	☐ Contingent ☐ Unliquidated ☐ Disputed	
	Date(s) debt was incurred _	Basis for the claim: Trade Debt	
	Last 4 digits of account number _	Is the claim subject to offset? ■ No ☐ Yes	

3.117	Nonpriority creditor's name and mailing address	As of the petition filing date, the claim is: *Check all that apply.*	$4,338.50
	Premier Agendas, Inc. 32656 Collection Center Dr Chicago, IA 60693-0326	☐ Contingent ☐ Unliquidated ☐ Disputed	
	Date(s) debt was incurred _	Basis for the claim: Trade Debt	
	Last 4 digits of account number _	Is the claim subject to offset? ■ No ☐ Yes	

3.118	Nonpriority creditor's name and mailing address	As of the petition filing date, the claim is: *Check all that apply.*	$37,277.84
	Prime Alliance Bank, Inc. 1868 South 500 West Woods Cross, UT 84087	☐ Contingent ■ Unliquidated ☐ Disputed	
	Date(s) debt was incurred _	Basis for the claim: Lease (successor)	
	Last 4 digits of account number _	Is the claim subject to offset? ■ No ☐ Yes	

3.119	Nonpriority creditor's name and mailing address	As of the petition filing date, the claim is: *Check all that apply.*	$297.00
	Pro-Ed. Inc. 8700 Shoal Creek Blvd. Austin, TX 78757-6897	☐ Contingent ☐ Unliquidated ☐ Disputed	
	Date(s) debt was incurred _	Basis for the claim: Trade Debt	
	Last 4 digits of account number _	Is the claim subject to offset? ■ No ☐ Yes	

3.120	Nonpriority creditor's name and mailing address	As of the petition filing date, the claim is: *Check all that apply.*	$8,423.06
	PROtech Security & Electronics 104 E 13th Street Merced, CA 95341	☐ Contingent ☐ Unliquidated ☐ Disputed	
	Date(s) debt was incurred _	Basis for the claim: Trade Debt	
	Last 4 digits of account number _	Is the claim subject to offset? ■ No ☐ Yes	

3.121	Nonpriority creditor's name and mailing address	As of the petition filing date, the claim is: *Check all that apply.*	$534.50
	Purchase Power PO Box 371874 Pittsburgh, PA 15250-7874	☐ Contingent ☐ Unliquidated ☐ Disputed	
	Date(s) debt was incurred _	Basis for the claim: Trade Debt	
	Last 4 digits of account number _	Is the claim subject to offset? ■ No ☐ Yes	

3.122 Nonpriority creditor's name and mailing address ReadyRefresh by Nestle PO Box 856158 Louisville, KY 40285-6158 Date(s) debt was incurred _ Last 4 digits of account number _	As of the petition filing date, the claim is: *Check all that apply.* ☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	$4,019.45
3.123 Nonpriority creditor's name and mailing address Republic Services #208 PO Box 78829 Phoenix, AZ 85062-8829 Date(s) debt was incurred _ Last 4 digits of account number _	As of the petition filing date, the claim is: *Check all that apply.* ☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	$743.31
3.124 Nonpriority creditor's name and mailing address Revolution Foods, Inc. 8393 Capwell Drive Oakland, CA 94621 Date(s) debt was incurred _ Last 4 digits of account number _	As of the petition filing date, the claim is: *Check all that apply.* ☐ Contingent ■ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	$280,000.00
3.125 Nonpriority creditor's name and mailing address Rian Schmidt 1701 Corte Sueno Livermore, CA 94551 Date(s) debt was incurred _ Last 4 digits of account number _	As of the petition filing date, the claim is: *Check all that apply.* ☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	$111.50
3.126 Nonpriority creditor's name and mailing address Ricoh USA Inc. PO Box 650073 Dallas, TX 75265-0073 Date(s) debt was incurred _ Last 4 digits of account number _	As of the petition filing date, the claim is: *Check all that apply.* ☐ Contingent ■ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	$28,109.27
3.127 Nonpriority creditor's name and mailing address Ring Central 20 Davis Dr Belmont, CA 94002 Date(s) debt was incurred _ Last 4 digits of account number _	As of the petition filing date, the claim is: *Check all that apply.* ☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	$18,931.00
3.128 Nonpriority creditor's name and mailing address Robin Replogle 118 Kilkare Rd. Sunol, CA 94586 Date(s) debt was incurred _ Last 4 digits of account number _	As of the petition filing date, the claim is: *Check all that apply.* ☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	$30.00

Item	Nonpriority creditor's name and mailing address	As of the petition filing date, the claim is: Check all that apply.	Amount
3.129	San Joaquin County 1868 E Hazelton Avenue Stockton, CA 95205 Date(s) debt was incurred _ Last 4 digits of account number _	☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	$611.00
3.130	San Joaquin County Office of Education PO Box 213030 Stockton, CA 95213 Date(s) debt was incurred _ Last 4 digits of account number _	☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	$100.00
3.131	San Joaquin Magazine 318 W Pine Street, Suite B Lodi, CA 95240 Date(s) debt was incurred _ Last 4 digits of account number _	☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	$750.00
3.132	Sandie Khatkar C/O Da Vega Fisher Mechtenberg LLP 955 Benecia Ave. Sunnyvale, CA 94085 Date(s) debt was incurred _ Last 4 digits of account number _	☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Litigation Is the claim subject to offset? ■ No ☐ Yes	$37,500.00
3.133	Scholastic, Inc. P.O. Box 3725 Jefferson City, MO 65102-3725 Date(s) debt was incurred _ Last 4 digits of account number _	☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	$182.96
3.134	School Nurse Supply PO Box 68968 Schaumburg, IL 60168 Date(s) debt was incurred _ Last 4 digits of account number _	☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	$553.49
3.135	School Specialty, Inc. 32656 Collection Center Dr. Chicago, IL 60693-0326 Date(s) debt was incurred _ Last 4 digits of account number _	☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	$4,338.50

3.136	**Nonpriority creditor's name and mailing address** Schoolbinder, Inc. 25 Broadway 9th Floor New York, NY 10004 Date(s) debt was incurred _ Last 4 digits of account number _	**As of the petition filing date, the claim is:** *Check all that apply.* ☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	$1,200.00
3.137	**Nonpriority creditor's name and mailing address** SchoolOutlet PO Box 4470 Stateline, NV 89449-4470 Date(s) debt was incurred _ Last 4 digits of account number _	**As of the petition filing date, the claim is:** *Check all that apply.* ☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	$1,213.76
3.138	**Nonpriority creditor's name and mailing address** SCHOOLSin PO Box 62026 Cincinnati, OH 45262 Date(s) debt was incurred _ Last 4 digits of account number _	**As of the petition filing date, the claim is:** *Check all that apply.* ☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	$2,435.56
3.139	**Nonpriority creditor's name and mailing address** Select Mechanical PO Box 2496 Livermore, CA 94550 Date(s) debt was incurred _ Last 4 digits of account number _	**As of the petition filing date, the claim is:** *Check all that apply.* ☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	$1,444.55
3.140	**Nonpriority creditor's name and mailing address** Seneca Family of Agencies 2275 Arlington Drive San Leandro, CA 94578 Date(s) debt was incurred _ Last 4 digits of account number _	**As of the petition filing date, the claim is:** *Check all that apply.* ☐ Contingent ■ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	$18,027.64
3.141	**Nonpriority creditor's name and mailing address** Servpro of San Leandro PO Box 422 San Carlos, CA 94070 Date(s) debt was incurred _ Last 4 digits of account number _	**As of the petition filing date, the claim is:** *Check all that apply.* ☐ Contingent ■ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	$18,525.88
3.142	**Nonpriority creditor's name and mailing address** Sharlee Solis 345 MacArthur Blvd Oakland, CA 94610 Date(s) debt was incurred _ Last 4 digits of account number _	**As of the petition filing date, the claim is:** *Check all that apply.* ☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	$243.72

3.143 Nonpriority creditor's name and mailing address
Sharper Technology Inc.
1032 Elwell Court #110
Palo Alto, CA 94303
Date(s) debt was incurred _
Last 4 digits of account number _

As of the petition filing date, the claim is: *Check all that apply.* **$11,433.34**
☐ Contingent
■ Unliquidated
☐ Disputed
Basis for the claim: Trade Debt
Is the claim subject to offset? ■ No ☐ Yes

3.144 Nonpriority creditor's name and mailing address
Sheet Music Plus
1300 64th Street
Emeryville, CA 94608
Date(s) debt was incurred _
Last 4 digits of account number _

As of the petition filing date, the claim is: *Check all that apply.* **$477.29**
☐ Contingent
☐ Unliquidated
☐ Disputed
Basis for the claim: Trade Debt
Is the claim subject to offset? ■ No ☐ Yes

3.145 Nonpriority creditor's name and mailing address
Shoob Photography
4640 Spyres Way, Suite 1
Modesto, CA 95356
Date(s) debt was incurred _
Last 4 digits of account number _

As of the petition filing date, the claim is: *Check all that apply.* **$314.26**
☐ Contingent
☐ Unliquidated
☐ Disputed
Basis for the claim: Trade Debt
Is the claim subject to offset? ■ No ☐ Yes

3.146 Nonpriority creditor's name and mailing address
Shrine Event Center
170 Lindbergh Avenue
Livermore, CA 94551
Date(s) debt was incurred _
Last 4 digits of account number _

As of the petition filing date, the claim is: *Check all that apply.* **$1,973.00**
☐ Contingent
☐ Unliquidated
☐ Disputed
Basis for the claim: Trade Debt
Is the claim subject to offset? ■ No ☐ Yes

3.147 Nonpriority creditor's name and mailing address
Social Thinking
404 Saratoga ave-Suite 200
Santa Clara, CA 95050
Date(s) debt was incurred _
Last 4 digits of account number _

As of the petition filing date, the claim is: *Check all that apply.* **$1,454.74**
☐ Contingent
☐ Unliquidated
☐ Disputed
Basis for the claim: Trade Debt
Is the claim subject to offset? ■ No ☐ Yes

3.148 Nonpriority creditor's name and mailing address
Sonitrol
PO Box 9189
Fresno, CA 93791-9189
Date(s) debt was incurred _
Last 4 digits of account number _

As of the petition filing date, the claim is: *Check all that apply.* **$4,524.00**
☐ Contingent
■ Unliquidated
☐ Disputed
Basis for the claim: Trade Debt
Is the claim subject to offset? ■ No ☐ Yes

3.149 Nonpriority creditor's name and mailing address
Sophia Elkihel
238 Wood St., Unit 704
Livermore, CA 94550
Date(s) debt was incurred _
Last 4 digits of account number _

As of the petition filing date, the claim is: *Check all that apply.* **$104.72**
☐ Contingent
☐ Unliquidated
☐ Disputed
Basis for the claim: Trade Debt
Is the claim subject to offset? ■ No ☐ Yes

3.150 Nonpriority creditor's name and mailing address
Stanislaus County Office of Education
1100 H Street
Modesto, CA 95354
Date(s) debt was incurred _
Last 4 digits of account number _

As of the petition filing date, the claim is: *Check all that apply.* **$1,700.00**
☐ Contingent
☐ Unliquidated
☐ Disputed
Basis for the claim: Trade Debt
Is the claim subject to offset? ■ No ☐ Yes

3.151 Nonpriority creditor's name and mailing address
Starfall Publications
PO Box 359
Boulder, CO 80306
Date(s) debt was incurred _
Last 4 digits of account number _

As of the petition filing date, the claim is: *Check all that apply.* **$1,091.97**
☐ Contingent
☐ Unliquidated
☐ Disputed
Basis for the claim: Trade Debt
Is the claim subject to offset? ■ No ☐ Yes

3.152 Nonpriority creditor's name and mailing address
Stockton Scavengers Association, Inc
PO Box 541065
Los Angeles, CA 90054-1065
Date(s) debt was incurred _
Last 4 digits of account number _

As of the petition filing date, the claim is: *Check all that apply.* **$213.42**
☐ Contingent
☐ Unliquidated
☐ Disputed
Basis for the claim: Trade Debt
Is the claim subject to offset? ■ No ☐ Yes

3.153 Nonpriority creditor's name and mailing address
Store SPE Corinthian, LLC
Michael T. Bennett, EVP
8501 E. Princess Drive, #190
Scottsdale, AZ 85255
Date(s) debt was incurred _
Last 4 digits of account number _

As of the petition filing date, the claim is: *Check all that apply.* **$27,000.00**
☐ Contingent
■ Unliquidated
☐ Disputed
Basis for the claim: Trade Debt
Is the claim subject to offset? ■ No ☐ Yes

3.154 Nonpriority creditor's name and mailing address
SupplyWorks
PO Box 742440
Los Angeles, CA 90074-2440
Date(s) debt was incurred _
Last 4 digits of account number _

As of the petition filing date, the claim is: *Check all that apply.* **$1,198.64**
☐ Contingent
☐ Unliquidated
☐ Disputed
Basis for the claim: Trade Debt
Is the claim subject to offset? ■ No ☐ Yes

3.155 Nonpriority creditor's name and mailing address
T-MOBILE
P.O. Box 51843
Los Angeles, CA 90051-6143
Date(s) debt was incurred _
Last 4 digits of account number _

As of the petition filing date, the claim is: *Check all that apply.* **$689.00**
☐ Contingent
☐ Unliquidated
☐ Disputed
Basis for the claim: Trade Debt
Is the claim subject to offset? ■ No ☐ Yes

3.156 Nonpriority creditor's name and mailing address
Team Sports Ink
5111 Grumman Dr. #1B
Carson City, NV 89706
Date(s) debt was incurred _
Last 4 digits of account number _

As of the petition filing date, the claim is: *Check all that apply.* **$3,899.72**
☐ Contingent
☐ Unliquidated
☐ Disputed
Basis for the claim: Trade Debt
Is the claim subject to offset? ■ No ☐ Yes

3.157	Nonpriority creditor's name and mailing address	As of the petition filing date, the claim is: Check all that apply.	$35,200.00
	TEQLEASE INC. 23810 Calabasas Rd. Suite 101 Calabasas, CA 91302 Date(s) debt was incurred _ Last 4 digits of account number _	☐ Contingent ■ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	

3.158	Nonpriority creditor's name and mailing address	As of the petition filing date, the claim is: Check all that apply.	$125.00
	The CLM Group, Inc. 10200 SW Greenburg Road #360 Portland, OR 97223 Date(s) debt was incurred _ Last 4 digits of account number _	☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	

3.159	Nonpriority creditor's name and mailing address	As of the petition filing date, the claim is: Check all that apply.	$2,087.18
	The Door Doctor 39 California Ave., Ste, #102 Pleasanton, CA 94566 Date(s) debt was incurred _ Last 4 digits of account number _	☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	

3.160	Nonpriority creditor's name and mailing address	As of the petition filing date, the claim is: Check all that apply.	$4.86
	The Reading Warehouse P.O. Box 41328 North Charleston, SC 29423 Date(s) debt was incurred _ Last 4 digits of account number _	☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	

3.161	Nonpriority creditor's name and mailing address	As of the petition filing date, the claim is: Check all that apply.	$182.00
	The Record Dept. LA 21670 Pasadena, CA 91185-1670 Date(s) debt was incurred _ Last 4 digits of account number _	☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	

3.162	Nonpriority creditor's name and mailing address	As of the petition filing date, the claim is: Check all that apply.	$900.00
	The TV30 Foundation 4663 Bernal Ave Suite B Pleasanton, CA 94566 Date(s) debt was incurred _ Last 4 digits of account number _	☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	

3.163	Nonpriority creditor's name and mailing address	As of the petition filing date, the claim is: Check all that apply.	$4,069.40
	ThyssenKrupp Elevator Corp. PO Box 933004 Atlanta, GA 31193-3004 Date(s) debt was incurred _ Last 4 digits of account number _	☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	

	Nonpriority creditor's name and mailing address	As of the petition filing date, the claim is: *Check all that apply.*	Amount
3.164	**Toshiba Business Solutions** **File 57202** **Los Angeles, CA 90074-7202** Date(s) debt was incurred _ Last 4 digits of account number _	☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	$300.00
3.165	**Toshiba Financial Services** **PO Box 31001-0271** **Pasadena, CA 91110-0271** Date(s) debt was incurred _ Last 4 digits of account number _	☐ Contingent ■ Unliquidated ☐ Disputed Basis for the claim: Lease Is the claim subject to offset? ■ No ☐ Yes	$74,241.49
3.166	**Trevor Ahlberg** **5506 Blackbird Dr.** **Pleasanton, CA 94566** Date(s) debt was incurred _ Last 4 digits of account number _	☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	$75.00
3.167	**Triad Park Owners Association** **5674 Sonoma Ave** **C/O GS Managment Co** **Pleasanton, CA 94566** Date(s) debt was incurred _ Last 4 digits of account number _	☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	$5,708.00
3.168	**Trumpet Behavioral Health** **PO Box 515735** **Los Angeles, CA 90051-5151** Date(s) debt was incurred _ Last 4 digits of account number _	☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	$224.00
3.169	**Turnitin, LLC** **San Francisco, CA** **San Francisco, CA 94139** Date(s) debt was incurred _ Last 4 digits of account number _	☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	$2,516.00
3.170	**Tyco Intergrated Security LLC** **PO Box 371967** **Pittsburgh, PA 15250-7967** Date(s) debt was incurred _ Last 4 digits of account number _	☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	$7,316.70

3.171	Nonpriority creditor's name and mailing address **Tymeka Warren** **C/O Da Vega Fisher Mechtenberg LLP** **955 Benecia Ave.** **Sunnyvale, CA 94085** Date(s) debt was incurred _ Last 4 digits of account number _	As of the petition filing date, the claim is: *Check all that apply.* ☐ Contingent ☐ Unliquidated ■ Disputed Basis for the claim: Litigation Is the claim subject to offset? ■ No ☐ Yes	$37,500.00
3.172	Nonpriority creditor's name and mailing address **U.S. HealthWorks Medical Group, PC** **P.O. Box 50042** **Los Angeles, CA 90074** Date(s) debt was incurred _ Last 4 digits of account number _	As of the petition filing date, the claim is: *Check all that apply.* ☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	$45.00
3.173	Nonpriority creditor's name and mailing address **ULINE** **PO Box 88741** **Chicago, IL 60680-1741** Date(s) debt was incurred _ Last 4 digits of account number _	As of the petition filing date, the claim is: *Check all that apply.* ☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	$618.66
3.174	Nonpriority creditor's name and mailing address **Urban Agrigardens** **6502 Kaiser Road** **Stockton, CA 95215** Date(s) debt was incurred _ Last 4 digits of account number _	As of the petition filing date, the claim is: *Check all that apply.* ☐ Contingent ■ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	$35,950.31
3.175	Nonpriority creditor's name and mailing address **W.W. Norton and Company** **500 Fifth Avenue -The High School Group** **New York, NY 10110** Date(s) debt was incurred _ Last 4 digits of account number _	As of the petition filing date, the claim is: *Check all that apply.* ☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	$1,500.00
3.176	Nonpriority creditor's name and mailing address **Wells Fargo Equipment Finance, Inc.** **15420 W Fountainhead Pkwy** **Tempe, AZ 85282** Date(s) debt was incurred _ Last 4 digits of account number _	As of the petition filing date, the claim is: *Check all that apply.* ☐ Contingent ■ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	Unknown
3.177	Nonpriority creditor's name and mailing address **Yamaha Golf Cars of California, Inc.** **7275 National Drive** **Suite D** **Livermore, CA 94550** Date(s) debt was incurred _ Last 4 digits of account number _	As of the petition filing date, the claim is: *Check all that apply.* ☐ Contingent ☐ Unliquidated ☐ Disputed Basis for the claim: Trade Debt Is the claim subject to offset? ■ No ☐ Yes	$1,035.50

3.178 Nonpriority creditor's name and mailing address	As of the petition filing date, the claim is: *Check all that apply.*	$250.00
Zebra Coalition 911 N Mills Ave Orlando, FL 32803	☐ Contingent ☐ Unliquidated ☐ Disputed	
Date(s) debt was incurred _	Basis for the claim: Trade Debt	
Last 4 digits of account number _	Is the claim subject to offset? ■ No ☐ Yes	

Part 3: List Others to Be Notified About Unsecured Claims

4. List in alphabetical order any others who must be notified for claims listed in Parts 1 and 2. Examples of entities that may be listed are collection agencies, assignees of claims listed above, and attorneys for unsecured creditors.

If no others need to be notified for the debts listed in Parts 1 and 2, do not fill out or submit this page. If additional pages are needed, copy the next page.

Name and mailing address	On which line in Part1 or Part 2 is the related creditor (if any) listed?	Last 4 digits of account number, if any

Part 4: Total Amounts of the Priority and Nonpriority Unsecured Claims

5. Add the amounts of priority and nonpriority unsecured claims.

		Total of claim amounts
5a. Total claims from Part 1	5a.	$ 0.00
5b. Total claims from Part 2	5b. +	$ 2,555,526.30
5c. Total of Parts 1 and 2 Lines 5a + 5b = 5c.	5c.	$ 2,555,526.30

Fill in this information to identify the case:

Debtor name **Tri-Valley Learning Corporation**

United States Bankruptcy Court for the: NORTHERN DISTRICT OF CALIFORNIA

Case number (if known) **16-43112**

☐ Check if this is an amended filing

Official Form 206G
Schedule G: Executory Contracts and Unexpired Leases

12/15

Be as complete and accurate as possible. If more space is needed, copy and attach the additional page, number the entries consecutively.

1. **Does the debtor have any executory contracts or unexpired leases?**
   ☐ No. Check this box and file this form with the debtor's other schedules. There is nothing else to report on this form.
   ■ Yes. Fill in all of the information below even if the contacts of leases are listed on *Schedule A/B: Assets - Real and Personal Property* (Official Form 206A/B).

2. List all contracts and unexpired leases		**State the name and mailing address for all other parties with whom the debtor has an executory contract or unexpired lease**
2.1. State what the contract or lease is for and the nature of the debtor's interest	**Installation and Service Agreement dated July 14, 2015**	
State the term remaining		**1st Security and Sound, Inc.** **1025 Lone Palm Ave.** **Suite 1A** **Modesto, CA 95351**
List the contract number of any government contract		
2.2. State what the contract or lease is for and the nature of the debtor's interest	**Settlement Agreement**	— what settlement Agreement when did TVLC ever lease ? or have an obligation with 3090 LLC
State the term remaining		**3090 LLC** **30960 Huntwood Ave.** **Hayward, CA 94544**
List the contract number of any government contract		
2.3. State what the contract or lease is for and the nature of the debtor's interest	**Statement of Work**	
State the term remaining		**AdvanTel Networks** **111 Pine Street** **Suite 1715** **San Francisco, CA 94111**
List the contract number of any government contract		
2.4. State what the contract or lease is for and the nature of the debtor's interest	**Master Lease Agreement #426 dated September 23, 2015**	**Apple Inc.** **c/o Apple Financial Services** **23801 Calabasas Road** **Suite 101** **Calabasas, CA 91302**
State the term remaining		
List the contract number of any government contract		

Additional Page if You Have More Contracts or Leases

2. List all contracts and unexpired leases

State the name and mailing address for all other parties with whom the debtor has an executory contract or unexpired lease

2.5. State what the contract or lease is for and the nature of the debtor's interest
Lease Agreement dated August 28, 2014

State the term remaining

List the contract number of any government contract

Bianchi Impact
Successor to Acre Investment Company
7901 Stoneridge Drive
Suite 120
Pleasanton, CA 94588

2.6. State what the contract or lease is for and the nature of the debtor's interest
Memorandum of Understanding dated July 21, 2013, as amended
Memorandum of Understanding dated April 1, 2015, as amended

State the term remaining

List the contract number of any government contract

CPA
California Preparatory Academies
Board President
3090 Independence Drive
Livermore, CA 94551

2.7. State what the contract or lease is for and the nature of the debtor's interest
Sublease dated October 1, 2012

State the term remaining

List the contract number of any government contract

California School Finance Authority
State Treasurer's Office
Executive Director
304 S. Broadway, Suite 550
Los Angeles, CA 90013

2.8. State what the contract or lease is for and the nature of the debtor's interest
Tax Certificate and Agreement, dated as of May 8, 2015, by and among the California Statewide Communities Development Authority, Livermore Charter Zone Corporation, Tri-Valley Learning Corporation and California Preparatory Academies

State the term remaining

List the contract number of any government contract

California Statement Communities
Development Authority
1700 North Broadway, Suite 405
Walnut Creek, CA 94596

2.9. State what the contract or lease is for and the nature of the debtor's interest
Service Agreement dated July 1, 2015

State the term remaining

CFS NorCal, Inc.
dba Choicelunch
569 San Ramon Valley Rd.
Danville, CA 94526

Additional Page if You Have More Contracts or Leases

2. List all contracts and unexpired leases

State the name and mailing address for all other parties with whom the debtor has an executory contract or unexpired lease

List the contract number of any government contract

2.10. State what the contract or lease is for and the nature of the debtor's interest: **Cleaning Service Agreements dated August 30, 2016, September 5, 2016 and October 3, 2016**

State the term remaining

List the contract number of any government contract

CleanNet of the Bay Area
CleanNet USA
333 Hegenberger
Oakland, CA 94621

2.11. State what the contract or lease is for and the nature of the debtor's interest: **Services Agreement dated April 15, 2015, as amended**

State the term remaining

List the contract number of any government contract

Comcast Cable Communications Management, LLC
One Comcast Center
1701 JFK Blvd.
Philadelphia, PA 19110-3000

2.12. State what the contract or lease is for and the nature of the debtor's interest: **Standard Industrial/Commercial Single-Tenant Lease --Net dated January 5, 2011**

State the term remaining

List the contract number of any government contract

X **Darim Vision, Inc.**
3110 Costitution Drive
Livermore, CA 94551-7570

2.13. State what the contract or lease is for and the nature of the debtor's interest: **Insurance Policies: Student Accident Base, Student Accident Blanket, Directs & Officers, Commercial General Liability, Auto Liability, Umbrella Liability, Worker's Compensation and Employers Liability, and Volunteer Accident**

State the term remaining

List the contract number of any government contract

Farallone Pacific Insurance Services
859 Diablo Avenue
Novato, CA 94947

2.14. State what the contract or lease is for and the nature of the debtor's interest: **Lease Agreement dated May 1, 2015**

Independence Support, LLC IS
Califorina Preparatory Academies
3090 Independence Drive
Livermore, CA 94551

Debtor 1 Tri-Valley Learning Corporation
First Name Middle Name Last Name

Case number (*if known*) 16-43112

Additional Page if You Have More Contracts or Leases

2. List all contracts and unexpired leases

State the name and mailing address for all other parties with whom the debtor has an executory contract or unexpired lease

State the term remaining

List the contract number of any government contract

2.15. State what the contract or lease is for and the nature of the debtor's interest — **Contract dated June 6, 2016**

?

State the term remaining

List the contract number of any government contract

Jill & Joel Heinke
12560 Morgan Territory Road
Benicia, CA 94510

2.16. State what the contract or lease is for and the nature of the debtor's interest — **Facilities Use Agreement dated August 17, 2016**

State the term remaining

List the contract number of any government contract

Livermore Valley
Joint Unified School District
685 East Jasck London Blvd.
Livermore, CA 94551

2.17. State what the contract or lease is for and the nature of the debtor's interest — **As Successor under the Master Lease Agreement dated May 2, 2013, as amended**

what master lease?
who is successor?

State the term remaining

List the contract number of any government contract

Prime Alliance Bank, Inc.
1868 South 500 West
Woods Cross, UT 84087

2.18. State what the contract or lease is for and the nature of the debtor's interest — **Food contract**

State the term remaining

List the contract number of any government contract

Revolution Foods, Inc.
8393 Capwell
Oakland, CA 94621

2.19. State what the contract or lease is for and the nature of the debtor's interest — **Security Monitoring contract**

State the term remaining

List the contract number of any government contract

Sonitrol
PO Box 9189
Fresno, CA 93791

Additional Page if You Have More Contracts or Leases

2. List all contracts and unexpired leases			State the name and mailing address for all other parties with whom the debtor has an executory contract or unexpired lease
2.20.	State what the contract or lease is for and the nature of the debtor's interest	**Lease Agreement dated August 10, 2015**	
	State the term remaining		**STORE SPE Corinthian, LLC 8501 E. Princess Drive Suite 190 Scottsdale, AZ 85255**
	List the contract number of any government contract		
2.21.	State what the contract or lease is for and the nature of the debtor's interest	**FMV Lease Agreement dated April 29, 2015**	
	State the term remaining		**Toshiba Business Solutions 12677 Alcosta Blvd., Suite 100 San Ramon, CA 94583**
	List the contract number of any government contract		
2.22.	State what the contract or lease is for and the nature of the debtor's interest	**Security Monitoring contract**	
	State the term remaining		**Tyco Integrated Security PO Box 371967 Pittsburgh, PA 15250-7967**
	List the contract number of any government contract		
2.23.	State what the contract or lease is for and the nature of the debtor's interest		
	State the term remaining		**Wells Fargo Equipment Finance, Inc. 15420 W Fountainhead Pkwy Tempe, AZ 85282**
	List the contract number of any government contract		

Fill in this information to identify the case:

Debtor name Tri-Valley Learning Corporation

United States Bankruptcy Court for the: NORTHERN DISTRICT OF CALIFORNIA

Case number (if known) 16-43112

☐ Check if this is an amended filing

Official Form 206H
Schedule H: Your Codebtors

12/15

Be as complete and accurate as possible. If more space is needed, copy the Additional Page, numbering the entries consecutively. Attach the Additional Page to this page.

1. Do you have any codebtors?

■ No. Check this box and submit this form to the court with the debtor's other schedules. Nothing else needs to be reported on this form.
☐ Yes

2. In Column 1, list as codebtors all of the people or entities who are also liable for any debts listed by the debtor in the schedules of creditors, Schedules D-G. Include all guarantors and co-obligors. In Column 2, identify the creditor to whom the debt is owed and each schedule on which the creditor is listed. If the codebtor is liable on a debt to more than one creditor, list each creditor separately in Column 2.

	Column 1: **Codebtor**		*Column 2:* **Creditor**	
	Name	**Mailing Address**	**Name**	*Check all schedules that apply:*
2.1		Street City State Zip Code		☐ D ☐ E/F ☐ G
2.2		Street City State Zip Code		☐ D ☐ E/F ☐ G
2.3		Street City State Zip Code		☐ D ☐ E/F ☐ G
2.4		Street City State Zip Code		☐ D ☐ E/F ☐ G

Exhibits

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

DATED SEPTEMBER 25, 2012

The Series 2012A Bonds (the "Bonds" or the "2012A Bonds") were issued by the State of California's School Finance Authority (the "Authority") under the authorization of the California School Finance Authority Act set forth at Education Code sections 17170 through 17199.6 (the "Act"). The Bonds are one component of a complex public finance and simultaneous complex real estate transaction. At the time of their issuance, the Bonds were unrated. The principal amount of Bonds issued, in the amount of $27,500,000, generated $24,813,000 in project funds. Proceeds of the Bonds were loaned to the Tri-Valley Learning Corporation ("TVLC") to finance charter school projects.

The Bonds and the Underlying Project

The Limited Offering Memorandum (the "Offering Memorandum") for the Bonds states that the projects financed by way of the Bonds were to be the acquisition and improvement of land and buildings, along with playfields, to accommodate TVLC's Livermore Valley Charter School (grades K-8) and the Livermore Valley Charter Preparatory High School (grades 9-12). See Appendix A hereto. The buildings to be acquired were part of the Montevina Office Park owned in combination, by Montevina Phase I, LLC and Montevina Phase II, LLC. See Exhibit 7 hereto. The office park is located within the City of Livermore. The transaction included the acquisition by TVLC of 12 of the 14 buildings within the Office Park (Phase 1) along with the purchase of two remaining buildings and the acquisition of a vacant 12.4 acre parcel of property referred to as the Campus Lot (Phase 2). Phase 1 and Phase 2 in this memo are referred to hereinafter as the "Projects" or the "2012 Projects." Two additional buildings within the Office Park were also leased by TVLC with an option to purchase. These two properties were acquired by TVLC outside of the 2012A Bonds transaction. Attached to this Report as Appendix A is an excerpt from the Offering Memorandum describing the 2012 Projects in greater detail.

At the time of acquisition, the 2012 Projects were appraised, in "fully constructed and functional form," at a value of $19,275,000.

At the close of the 2012A Bonds, the Authority made a one-time, up-front rental payment from Bond proceeds in the amount of $7.4 million dollars for the Phase 1 Montevina buildings, in exchange for the right to sublease the underlying property along with the right to make improvements to the property. An additional $15 million dollars in Bond proceeds were also set aside and utilized for costs relating to the Phase 2 acquisition and other project costs.

Montevina Phase I, LLC and Montevina Phase II, LLC, prior to the 2012A Bond transaction, had entered into certain mortgage loans for portions of the properties that were later acquired with Bond proceeds (described in the second paragraph above). These mortgage loans remained due and payable at the time of issuance of the Bonds. These mortgages were apparently restructured at the time the Bonds were issued so that the amount paid from Bond proceeds to purchase the properties was sufficient to pay-off the pre-existing mortgages.

At the time the Bonds were issued, the Offering Memorandum represented that the Projects had been approved by the City of Livermore and that school use could be made of such improvements. We are not aware of any change to these circumstances.

At the date of closing of the Bonds, the ownership of Montevina Phase I, LLC and Montevina Phase II, LLC was transferred to Anthony Cone and Mark Holmstedt of the Westhoff, Cone & Holmstedt firm, the underwriter on the Bonds. See Exhibit 7 hereto.

Certain of the Bonds are in the form of Qualified School Construction Bonds ("QSCB") administered under a program overseen by the U.S. Treasury Department and the State of California. Such bond funds were made available to TVLC in the form of the subleases between the Authority and TVLC. The repayment of the principal amount of the QSCB is due upon expiration of the subordinate subleases.

Under the finance plan as described in the Offering Memorandum, once all payments due under the leases are made, ownership to the buildings described above is to be conveyed to TVLC.

Sources of Revenue for Repayment of the Bonds

TVLC is contractually bound under the terms of the various contracts relating to the Bonds to provide funds sufficient to repay the Bonds along with other costs and expenses. There are primarily four sources of funds for repayment of the Bonds. These include, as described in more detail below: (i) the intercept funds, (ii) funds paid pursuant to the Loan Agreement (as defined below), (iii) funds received by the trustee pursuant to the sublease, and (iv) income derived from the investment of funds under an indenture (the "Indenture").

As noted above, the intercept funds are an initial source of funds for repayment of the Bonds. These are funds derived from TVLC by way of the intercept notice (the "Intercept Notice"). Under Education Code section 17199.4, TVLC delivered instructions to the State Controller in the form of the Intercept Notice, to apportion funds to the trustee, on specific dates, in amounts sufficient to repay the Bonds. Funds made available under the Intercept Notice are only from so-called "Section A Funds" of the State School Fund, designated for apportionment as part of the charter school categorical block grant pursuant to Education Code section 47634.1, along with funds made available to charter schools for non-classroom based instruction under Education Code section 47634.2. There are potentially two factors that may limit the payment of the apportionment under the Intercept Notice. First, there may be limitations imposed on TVLC's ability to receive these funds based upon such factors as lack of enrollment, disqualification to operate, etc. Second, the State Controller may reduce or eliminate funds as a result of state apportionment shortages at any time during the life of the Bonds.

A second and a third source of revenue for Bond repayment are funds paid by TVLC under the loan agreement between the Authority and TVLC (the "Loan Agreement"), along with funds paid by TVLC under the so-called subordinate obligation sublease (the "Sublease"). The sources for such funds are to be derived from TVLC's "Gross Revenues" which are defined as all revenues received by TVLC with respect to schools operated by TVLC, including revenue derived by way of the Intercept Notice.

A fourth source of funds for Bond repayment may be derived from investment earnings under the Indenture for the 2012A Bonds. The Indenture permits the investment of funds held in various accounts and authorizes that proceeds from these investments are to be deposited in the Bond's revenue fund and pledged under the Indenture for the repayment of the Bonds.

The Indenture provides further guidance on the sources of revenue available for repayment of the Bonds. Under the terms of the Indenture, "payments" in satisfaction of the Bond obligation are assigned for this purpose, to the trustee for the benefit of the bondholders. Such payments are defined as revenue derived from the four sources described above.

Further, the Indenture provides guidance for the definition of the term "Gross Revenue" which is used in several contexts in the various agreements for the Bonds. For example, both the Loan Agreement and the Sublease, limit the source of funds available for repayment of the Bonds to "Gross Revenues." Under the Indenture, Gross Revenues are defined generally as revenues received by the Livermore Valley Charter School and Livermore Valley Preparatory High School, along with any other revenues derived from the operation of any other "Tri-Valley at the Facility." The phrase "Tri-Valley at the Facility" can reasonably be interpreted to mean any charter school operated by TVLC within the buildings that were acquired with proceeds from the 2012A Bonds. It is also likely however that revenues from other TVLC operations elsewhere, such as in San Joaquin County or San Diego County, would be excluded as a funding source for repayment of the 2012A Bonds.

The agreements entered into as a part of the 2012A Bonds transaction also include an intercept arrangement, as described above, under which TVLC effectively "guaranteed" the repayment of the Bonds by instructing the State Controller's office to make specified payments to the trustee for the Bonds, from TVLC's categorical block grant pursuant to the Education

Code. To the extent these block grants were to become insufficient to make lease payments under the Bond plan, revenue for Bond repayment would be inadequate.

To further secure repayment of the 2012A Bonds, Montevina Phase I, LLC executed a deed of trust creating a lien against its fee interests in the buildings. Under the deed, priority liens have been created and presumably recorded on the buildings in favor of the Bond trustee, as further security for the Bonds. Although we have not located the liens yet for review, they would presumably convey foreclosure rights to the Bond trustee over the buildings in the event of an uncured default in the repayment of the Bonds.

The sale of the 2012A Bonds was expressly limited to certain sophisticated buyers referred to as "qualified institutional buyers" by the Securities and Exchange Commission. The subsequent sale or transfer of the Bonds to future bondholders may only be accomplished upon satisfaction of similar transfer restrictions. The relatively complex and potentially risky nature of the transaction contributed to this restriction on potential purchasers for the Bonds.

Optional or Mandatory Redemption Following Issuance of 2012A Bonds

With respect to the Series 2012A Term Bond maturing on June 1, 2047, in order to comply with TVLC's continuing disclosure obligations (Exhibit 5), event notices have been filed in connection with the mandatory redemption payments due on each June 1 of 2014, 2015 and 2016. We note that the transcript documents do not provide a mandatory redemption schedule for the Series 2012A Term Bond maturing on June 1, 2032. We further note that no event notices have been filed in connection with the 2032 maturity. We assume that mandatory redemption payments are not yet due on the 2032 maturity.

Opinion of Bond Counsel and Tax Certificate

It should be noted that the Orrick, Herrington and Sutcliffe firm served as bond counsel on the Bond transaction. That firm issued its opinion dated October 4, 2012, stating that interest on the Bonds is excluded from gross income for federal income tax purposes. The opinion also states that the Bonds are binding obligations of the Authority, secured by apportionments from the State Controller's office. Generally, an opinion of bond counsel in a finance transaction speaks as of the date of closing of the transaction. In other words, the opinion does not apply to circumstances that arise, or actions that occur following the closing of the bonds. It is never possible to predict with certainty the long term success of a bond issue.

The Orrick firm also prepared a tax certificate in support of the tax-exempt nature of the Bonds. See Appendix C hereto. That tax certificate includes certain representations regarding the Bonds and specifically states that TVLC, the property sellers (Montevina Phase I, LLC or Montevina Phase II, LLC) or other sellers of the property are not "Related Persons" as that term is defined in the tax certificate. The tax certificate defines Related Persons, as persons or organizations that directly or indirectly control other persons or organizations in the transaction. This representation would imply that the sale of the various buildings and property to TVLC in the 2012 transaction was an arm's length transaction, according to the tax certificate. Nevertheless, as can be seen by the description of the parties to the transaction (as set forth at Exhibit 7 of this Report) there are numerous common names and other common elements between the individuals and entities that were involved in the 2012A Bonds transaction and the related real estate transaction described above. This suggests that at least some of the transactions between the "parties" may not have been at arm's length.

Risk Factors and Bankruptcy

The Offering Memorandum lists a variety of risk factors for Bond purchasers to be aware of when evaluating the Bonds. The risk factors clearly state that the Bonds are not general obligations of the State of California, other than the Authority and are payable solely from the funds provided by way of the Indenture and the various lease agreements among the parties, primarily the intercept arrangement referred to above.

The risk factors also list potential problems in the operation of TVLC. In this regard, the factors specifically state that the failure of TVLC to attract a sufficient number of students may also impact the repayment of the Bonds.

Further, a voluntary or involuntary bankruptcy filing by TVLC is also identified in the Offering Memorandum as a risk to potential purchasers. We understand that a bankruptcy filing has in fact recently been submitted on behalf of TVLC to the United States Bankruptcy Court for the Northern District of California and a case number has been assigned. See Appendix F hereto.

On or about December 1, 2016, a notice was filed by UMB Bank advising that interest has not been paid to certain owners of the 2012A Bonds and that the bankruptcy proceedings described above (see Exhibit 6 and Appendix G hereto) have been filed. UMB Bank is currently the trustee on the Bond transaction. Earlier, by way of a notice dated November 1, 2013, The Bank of New York Mellon provided notice that subsidy payments due under the Bond transaction had not been received on their October 21, 2013 due date. We are unsure if either of these delinquencies have been cured. It is likely the case that as a result of these facts, the 2012A Bonds are in default and the trustee for the Bonds is entitled to pursue foreclosure and other remedy strategies on behalf of the owners of the Bonds. These strategies may include litigation brought by the trustee on behalf of the Bond holders to enforce the payment requirements and other terms of the leases and related documents. TVLC's status as a debtor in bankruptcy proceedings will have a direct impact on the trustee's litigation options.

SUMMARY OF
CALIFORNIA MUNICIPAL FINANCE AUTHORITY
TAXABLE EDUCATIONAL FACILITIES
BOND ANTICIPATION NOTES, SERIES 2014 AND
OTHER TVLC SHORT AND LONG TERM BORROWINGS

The Series 2014 Notes

Our office has been provided with a copy of a Preliminary Limited Offering Memorandum for the above entitled Series 2014 Bond Anticipation Notes ("BANS"). The BANS described in the Preliminary Limited Offering Memorandum were anticipated to be dated May 1, 2014 and to remain outstanding until their repayment date of May 1, 2018. The BANS were initially to be repayable earlier than 2018, on each anniversary date leading up to May 1, 2018.

The Preliminary Offering Memorandum for the BANS states that the BANS were intended to raise funds on a short term basis to undertake the projects that were later funded through the issuance of the California Statewide Communities Development Authority (the "Authority") Series 2015 Bonds (see Exhibit 3 hereto).

From our review of the transcript documents for the Series 2015 Bonds, we can find no reference to the BANS, nor can we find any provisions having been made for the repayment of the BANS. In addition, we have reviewed the Audited Financial Statements for Tri-Valley Learning Corporation as of June 30, 2015 (the "2015 TVLC Audit") and note that it contains no references to the BANS (see Appendix E hereto).

Finally we have reviewed the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System ("EMMA") and can find no reference to the issuance of a BAN by the Authority on behalf of TVLC, or the issuance by any other entity of a BAN on behalf of TVLC.

From this review, we have determined that it is highly unlikely that the BAN referred to in the Preliminary Offering Memorandum was issued and sold. The Preliminary Offering Memorandum may have been an effort on the part of TVLC or others, to evaluate the feasibility of a short term borrowing to pay costs related to the project that was ultimately funded on a long term basis by the Series 2015 Bonds (see Exhibit 3 hereto).

Other TVLC Short and Long Term Borrowings

We have also reviewed the 2015 TVLC Audit (Appendix E) and have noted that the 2015 TVLC Audit lists a $675,000 line of credit with Heritage Bank of Commerce, along with a Stand-by Letter of Credit with Heritage Bank in the amount of $200,000, in favor of California School Finance Authority. The California School Finance Authority was the issuer of the Series 2012A Bonds on behalf of TVLC (see Exhibit 1 hereto).

The 2015 TVLC Audit also contains references to the Series 2012A Bonds along with the Series 2015 Bonds as long term debt of TVLC.

SUMMARY OF
CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY
EDUCATIONAL FACILITIES REVENUE BONDS
(INDEPENDENCE SUPPORT, LLC PROJECT), SERIES 2015

DATED MAY 8, 2015

The Series 2015 Bonds (the "Bonds" or "2015 Bonds") were issued by the California Statewide Communities Development Authority (the "Development Authority") under the authorization of the California Joint Exercise of Powers Act (Government Code sections 6500 through 6599.3) and pursuant to an indenture (the "Indenture") between certain parties to the transaction. The Bonds are one component of a complex and simultaneous public finance and real estate transaction. This transaction accomplished additional elements of a non-public school development plan that had previously been initiated with the issuance by the California School Finance Authority on behalf of the Tri-Valley Learning Corporation ("TVLC") of its Series 2012A Bonds (the "2012A Bonds"). The 2015 Bonds were unrated at the time of their issuance. The principal amount of 2015 Bonds issued was $25,540,000.

The Bonds and the Underlying Project

The project (the "Project" or the "2015 Project") described in the Limited Offering Memorandum for the Bonds (the "Offering Memorandum") consists primarily of the acquisition and improvement of a building referred to as Independence Plaza, constructed in 2002. See Appendix B hereto. Proceeds from the Bonds (the "Loan") were loaned by the Development Authority to Independence Support LLC ("IS"). With the Loan, as further described below, IS was able to acquire Independence Plaza and to then lease the building (the "Lease") (through its sole member, the Livermore Charter Zone Corporation) to both TVLC for charter school purposes, and to the California Preparatory Academies ("CPA") for the operation of a private school (the "Private School") on the site. At the time of the closing of the Bonds, certain proceeds of the Bonds were utilized by Goldstone United Investments, LLC ("Goldstone") to acquire the site and its facilities from the former owner, 3090, LLC. See Exhibit 7 hereto.

The sale of the 2015 Bonds was expressly limited to certain sophisticated buyers referred to as "qualified institutional buyers" by the Securities and Exchange Commission. The subsequent sale or transfer of the Bonds to future bondholders may only be accomplished upon satisfying similar transfer restrictions. The relatively complex and potentially risky nature of the transaction likely contributed to this restriction on potential purchasers for the Bonds.

At the time of acquisition, the 2015 Project was appraised utilizing a cost approach to value. As a result, the values arrived at were $24,000,000 for the facilities comprising the Project and an additional $2,200,000 for the Project site.

Appendix B to this Report is an excerpt from the Offering Memorandum describing the 2015 Project in greater detail.

Optional or Mandatory Redemption Following Issuance of Series 2015 Bonds

With respect to the Series 2015 Term Bond maturing on June 1, 2025, in order to comply with IS's, TVLC's, and CPA's continuing disclosure obligations, an event notice has been filed in connection with the mandatory redemption payment due on June 1, 2016.

Sources of Revenue for Repayment of the 2015 Bonds

By way of the Loan from the Development Authority to IS referred to above, 2015 Bond proceeds were used by IS to fund Project costs. IS agreed to repay the Loan from the proceeds of gross revenues, as described below.

Separately, IS entered in the Lease with TVLC and CPA referred to above. That Lease authorized TVLC and CPA to make use of the Project's facilities for their ongoing charter school and private school operations. Rent obligations under the Lease include funds necessary to repay amounts due under the Loan which are themselves based in part upon the debt service schedules for the Bonds.

TVLC's obligations under the Lease are payable from so-called Tri-Valley Gross Revenues ("TVLC Gross Revenues"). TVLC Gross Revenues under the Indenture are defined as all funds received by TVLC from the operation of the charter schools that are legally available for the payment of TVLC's obligations under the Lease. However, specifically omitted as an income source for repayment of the 2015 Bonds are (i) funds from the 2012 intercept arrangement used to secure the 2012A Bonds (see description of 2012A Bonds included in this Report), (ii) the subsidy payment as described below, and (iii) certain other limited funds. The subsidy payment is defined in the indenture for the 2012A Bonds as any payment of refundable tax credit amounts payable under the Federal Government's Qualified School Construction Bond program ("QSCB"). Such subsidy payment is applicable to that portion of the 2012A Bonds issued as QSCBs.

CPA's obligations under the Lease are payable from so-called "CPA Gross Revenues" and are defined generally as all revenue received by CPA from the operation of its schools at the Project as well as other activities of CPA at the site that result in revenue legally available for payment of rent.

As additional security for repayment of the 2015 Bonds, IS, TVLC and CPA apparently executed deeds of trust creating liens against their interests in the Independence Plaza property. Under the deeds, liens have been created and presumably recorded on Independence Plaza in favor of the 2015 Bond trustee, as further security for the Bonds. Although we have not located the liens yet for review, they would likely convey foreclosure rights over Independence Plaza to the trustee in the event of an uncured default in the repayment of the Bonds.

Under a separate memorandum of understanding (the "MOU") between TVLC and CPA, the parties agreed to a process whereby they are to meet annually to determine their respective space and budget needs and then allocate between themselves their portions of the rent and other financial obligations due under the Lease. The MOU also reiterates the joint and several responsibility of the two parties to pay rent and other expenses under the Lease.

According to the Offering Memorandum, TVLC will manage the charter school operation at the site, and CPA's private school will be managed by Goldstone/Acre LLC. Amounts payable by CPA to Goldstone/Acre LLC are subordinate to CPA's obligations under the lease for the Bonds.

Rental payments under the Lease described above, are pledged as a source of revenue to repay the 2015 Bonds. The Offering Memorandum states specifically as follows:

> "There can be no assurance that revenues generated by TVLC from the charter schools and by CPA from the private school will be sufficient to provide for the timely payment of all rent pledged for the repayment of the 2015 Bonds."

<u>Opinion of Bond Counsel and Tax Certificate</u>

It should be noted that the Orrick, Herrington and Sutcliffe firm served as bond counsel on the 2015 Bonds transaction as well as the 2012A Bonds transaction. That firm issued its opinion dated May 8, 2015 stating that interest on the Bonds is excluded from gross income for federal income tax purposes. The opinion further states that the 2015 Bonds are binding obligations of the Development Authority, secured by amounts held in trust by the trustee, pursuant to the Indenture. Generally, an opinion of bond counsel in a finance transaction speaks as of the date of closing of the transaction. In other words, the opinion does not apply to circumstances that arise, or actions that occur following the closing of the bonds. It is never possible to predict with certainty the long term success of a bond issue.

The Orrick firm also prepared a tax certificate in support of the tax-exempt nature of the 2015 Bonds. See <u>Appendix D</u> hereto. Unlike the firm's tax certificate for the 2012A Bonds transaction, the tax certificate for the 2015 Bonds does not certify that parties to the transaction are unrelated parties. This may have been determined by the Orrick firm to not be necessary for the 2015 Bonds tax certificate, or that firm may have been unwilling or unable to cause the Development Authority and others to certify that the parties to the transaction were unrelated. It is clearly the case that certain parties to the 2015 Bonds transaction had pre-existing and extensive business and professional relationships with other parties to the transaction. However, business and professional relationships do not necessarily mean "related persons" as defined in the tax certificate. The tax certificate defines "Related Persons," as persons or organizations that directly or indirectly control other persons or organizations in the transaction.

The 2015 Limited Offering Memorandum contained several financial covenants made by the Borrower, specifically that:

> The Borrower covenants:
> • To maintain books and records separate from any other Person;
> • To maintain its accounts separate from any other Person;
> • Not to commingle assets with those of any other Person;
> • To conduct its own business in its own name;
> • To pay its own liabilities out of its own funds;
> • To observe all corporate formalities;
> • Not to guarantee or become obligated for the debts of any other entity or hold out its credit as being available to satisfy the obligations of others, subject to the provisions of the Loan Agreement described within "– Additional Debt" under this subheading;
> • Not to acquire obligations or securities of its partners, members, or shareholders;
> • To hold itself out as a separate entity;
> • To correct any known misunderstanding regarding its separate identity; and
> • To maintain adequate capital in light of its contemplated business operations.

Interestingly, the Preliminary Offering Memorandum for the 2014 TRANs (which were never issued) contained similar language to that of the 2015 Limited Offering Memorandum, but included a provisions about arms' length provision, which the 2015 issuance *did not* contain:

> The Borrower covenants:
> • To maintain books and records separate from any other person or entity;
> • To maintain its accounts separate from any other person or entity;
> • Not to commingle assets with those of any other entity;
> • To conduct its own business in its own name;
> • To pay its own liabilities out of its own funds;
> • To observe all corporate formalities;
> • *To maintain an arm's-length relationship with its affiliates*;
> • Not to guarantee or become obligated for the debts of any other entity or hold out its credit as being available to satisfy the obligations of others;
> • Not to acquire obligations or securities of its partners, members, or shareholders;
> • To hold itself out as a separate entity;
> • To correct any known misunderstanding regarding its separate identity; and

• To maintain adequate capital in light of its contemplated business operations.

It appears that while both the 2014 transaction, which was never consummated, and the 2015 transaction contained financial covenants made by the Borrower. However, the covenant to maintain an arms'-length relationship was explicitly absent from the 2015 Limited Offering Memorandum.

Additionally, the 2015 Limited Offering Memorandum notes that there is no common ownership among any of 3090 LLC, Independence Oaks, the Goldstone United Investments or the Independence Support. However, based upon the entities' addresses and individuals involved, it appears that there was at least overlap of some sort between Independence Oaks, Goldstone United Investment and Independence Support.

Risk Factors and Bankruptcy

In addition to other repayment risks described below in this memo, the Offering Memorandum for the Bonds makes the following specific disclosure:

> "The obligation to pay Base Rent is a joint obligation of the tenants. The private school ("CPA") has no operating history, and management of TVLC anticipates that Tri-Valley Gross Revenues will be sufficient to provide for the payment of all base rent owed under the lease. However, there can be no assurance that Tri-Valley Gross Revenues, without any contribution from CPA from successful operation of the private school, will be sufficient to provide for the timely payment of base rent."

The Offering Memorandum specifically identified a voluntary or involuntary bankruptcy filing by TVLC as an additional risk to potential purchasers of the Bonds. We understand that a bankruptcy filing has in fact been recently submitted on behalf of TVLC to the United States Bankruptcy Court for the Northern District of California and a case number has been assigned.

On or about March 28, 2017, a notice was filed by U.S. Bank National Association, the trustee for the 2015 Bonds, advising that TVLC and CPA, as tenants under the Lease, failed to comply or perform in accordance with the Lease, including, but not limited to, the failure to pay rent, the failure to provide evidence of insurance, and TVLC's becoming a "debtor" as defined in 11 U.S.C. § 101. See Exhibit 6 and Appendix G hereto. It is likely the case that as a result of these facts, the trustee for the Bonds is entitled to pursue foreclosure and other remedy strategies on behalf of the owners of the Bonds. These strategies may include litigation brought by the trustee on behalf of the owners of the Bond to enforce the payment requirements and other terms of the Lease and related documents. TVLC's status as a debtor in bankruptcy proceedings will have a direct impact on the trustee's litigation options.

SUBSEQUENT REFINANCING OF BONDS

At this time, TVLC is not able to exercise its option to redeem the Series 2012A Bonds, and the California Statewide Development Authority (upon a request by Independence Support, LLC) is not able to exercise its option to redeem the Series 2015 Bonds. Accordingly, no refunding bonds related to either the Series 2012A Bonds or the Series 2015 Bonds have been issued.

ONGOING DISCLOSURE OBLIGATIONS

In connection with the Series 2012A Bonds, TVLC and The Bank of New York Mellon Trust Company, N.A., as dissemination agent, entered into a Continuing Disclosure Agreement (the "2012A Disclosure Agreement"). By way of the 2012A Disclosure Agreement, TVLC committed to assist the underwriter in complying with Securities and Exchange Commission Rule 15c2-12 for the benefit of the owners of the 2012A Bonds. Under the 2012A Disclosure Agreement and in compliance with Rule 15c2-12, TVLC is obligated to file annual reports, containing various financial information (as specifically identified in the 2012A Disclosure Agreement). In addition, should a significant event occur, as set forth in the 2012A Disclosure Agreement and Rule 15c2-12, TVLC must also file a notice of such event. All filings made pursuant to the 2012A Disclosure Agreement may be found online at http://emma.msrb.org/Home/Index ("EMMA").

With regard to the Series 2012A Bonds, it appears that TVLC has filed its annual reports and various event notices. Such event notices include notices of mandatory redemption payments (see Exhibits 1 and 3 of this Report), as well as a notice of non-payment of interest, a notice of TVLC's bankruptcy filing, and a notice of unscheduled draws on various funds under the indenture for the 2012A Bonds.

In connection with the Series 2015 Bonds, IS, TVLC, CPA and U.S. Bank National Association, as dissemination agent, entered into a Continuing Disclosure Agreement (the "2015 Disclosure Agreement"). Similar to the 2012A Disclosure Agreement, by way of the 2015 Disclosure Agreement, IS, TVLC, and CPA committed to assist the underwriter in complying with Securities and Exchange Commission Rule 15c2-12 for the benefit of the owners of the 2015 Bonds. IS, TVLC, and CPA are each required to file annual reports with the contents as specified in the 2015 Disclosure Agreement. In addition, IS is required to file significant event notices, as set forth in the 2015 Disclosure Agreement and Rule 15c2-12.

With regard to the Series 2015 Bonds, it appears that IS, TVLC, and CPA have each filed annual reports. An event notice has been posted in connection with the mandatory redemption payment for the Series 2015 Bonds (see Exhibit 3 of this Report). In addition, recently, a notice of default and breach of lease agreement was posted to EMMA. Such notice provided that the defaults include failure to pay rent, failure to provide evidence of insurance, and TVLC becoming a "debtor" as defined in 11 U.S.C. § 101. We note that unlike the Series 2012A Bonds, there is no event notice posted for the Series 2015 Bonds with regard to or concerning TVLC's bankruptcy filing (other than the mention in the notice of default of TVLC's status as a "debtor," as described in the previous sentence).

STATUS OF TRI-VALLEY LEARNING CORPORATION BANKRUPTCIES ON BONDS AND OTHER DEBT

On or about January 13, 2017, Lynn Lysko, Ed.D., Chief Executive Office of TVLC, signed and submitted a Statement of Financial Affairs for Non-Individuals Filing for Bankruptcy ("Statement"). See Appendix F to this Report. The Statement lists TVLC as the debtor and is filed in the United States Bankruptcy Court for the Northern District of California, Case No. 16-431112.

The Statement is an initial step by TVLC to seek relief from the United States Bankruptcy Court regarding TVLC's debts and other obligations. The Statement contains a schedule of existing debt, both paid and unpaid, along with the creditors and the status of the debt. The firm of Squar Milner is designated as the firm that has provided auditing services to TVLC between the dates of November 2014 to November 2016. The Statement specifically makes reference to the 2012A and 2015 bond transactions.

The Statement will form the basis for the ongoing review of the financial capability of TVLC going forward, along with the nature and extent of the financial liabilities that are applicable to TVLC.

In addition to the Statement, on or about January 13, 2017, Dr. Lysko on behalf of TVLC also signed and submitted a Declaration Under Penalty of Perjury for Non-Individual Debtors ("Declaration"). See Appendix G to this Report.

The Declaration contains a series of schedules that describe TVLC assets, both real property and personal property. The schedules also include information regarding TVLC's creditors with both secured and unsecured claims as well as information on contracts and leases that TVLC is subject to. The Declaration specifically makes reference to the 2012A and 2015 bond transactions.

Similar to the Statement, the Declaration will also provide the initial data upon which the Bankruptcy Court, along with a trustee, will evaluate the capability of TVLC to operate going forward, as well as the nature and extent of financial liabilities applicable to TVLC.

ENTITIES AND INDIVIDUALS INVOLVED IN TRI-VALLEY LEARNING CORPORATION TRANSACTIONS

Tri-Valley Learning Corporation is a California public benefit non-profit corporation that at the time of the issuance of the 2015 Bonds operated five charter schools: Livermore Valley Charter Preparatory High School and Livermore Valley Charter School (both located in Livermore), Acacia Elementary Charter School and Acacia Middle Charter School (both located in Stockton), and at one time the Old Town Academy K-8 Charter School (located in San Diego). TVLC was previously known as Livermore Charter Learning Corporation.

On October 1, 2012, TVLC entered into a sublease with the California School Finance Authority regarding Educational Facilities Revenue Bonds (Tri-Valley Learning Corporation Project), Series 2012A (Tax-Exempt Bonds) whereby TVLC pledged to pay base rental payments out of TVLC revenues, including general purpose entitlements with respect to Livermore Valley Charter School and Livermore Valley Charter Preparatory High School.

At the time of issuance of the 2012A Bonds, William ("Bill") Batchelor was designated as Chief Operating Officer of TVLC. At that time, the Board of Directors of TVLC consisted of the following members: Len DiGiovanni, Neil Cowles, Rick Swiers, Dave Vopnford, John Zukoski, Jerry Mullins and Tim Hall.

Subsequently, on April 1, 2015, TVLC entered into a lease, as co-tenants with California Preparatory Academies, to acquire facilities located at 3090 Independence Drive, Livermore, CA ("Independence Plaza"), from and Independence Support LLC. Independence Plaza was intended to be the location for Livermore Charter Preparatory High School and a private school to be operated by California Preparatory Academies.

At the time of issuance of the 2015 Bonds, Bill Batchelor was designated at the Chief Executive Office of TVLC, John Zukoski was designated its Director of Finance and Tim Hall, as TVLC Board President, executed various documents relating to the financing. Additionally, Bill Batchelor appears to have been in a managing role of California Preparatory Academies.

<u>The Series 2012A Bond Transaction</u>

<u>Montevina Phase I, LLC and Montevina Phase II, LLC</u>

Just prior to the 2012A transaction, Montevina Phase I, LLC ("MPI") was the owner of the real property located in Livermore, California, known as the "Montevina Phase I Property". Montevina Phase II, LLC ("MPII") was the owner of the real property located in Livermore, California, known as the "Montevina Phase II Property". Together, the Montevina Phase I and II

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Properties consisted of 14 buildings. MPI and MPII each consist of the same two members, Tony Cone and Mark Holmstedt. Both men are also named partners of Westhoff, Cone & Holmstedt, the underwriter for the 2012A bonds. Prior to the transaction, PLF-XIII owned all interest in MPI, except for the Northstar Phase I Deed of Trust. PLF-XIV owned all interest in MPII, except for the Northstar Phase II Deed of Trust.

During the course of the 2012 bond transaction, certain parcels of property were transferred from MPI to MPII as part of an "intercompany transfer" in order to "provide adequate collateral in connection with certain loans."

As part of the 2012 bond transaction, MPI leased the Montevina Phase I Property to the California School Finance Authority, and the Authority immediately subleased the Property to TVLC, which was to acquire the facilities through this transaction.

MPI and MPII have business addresses in Livermore, Danville and Walnut Creek. One address associated with MPI/II (4900 Hopyard Rd, Pleasanton CA) is also associated with PLF-XI/PLF-XIII/PLF-XIV and ExTerra Realty Partners, LLC. Another address (500 Ygnacio Valley Road, Walnut Creek CA) is also associated with WCH. Another address (3110 Constitution Dr, Livermore CA) is also associated with ExTerra Realty Partners, LLC.

Individuals associated with MPI and MPII include: Michael Parker (President of MPI and MPII, Owner/President of Montevina Phase I Owners Association and an executive/owner of ExTerra Realty Partners); David Clock (Danville); and Richard Norris (registered agent for MPI and MPII is Attorney, Archer Norris, Walnut Creek CA).

The "Montevina Group" (as defined in the Membership Interest Purchase and Sale Agreement, dated October 4, 2012) included MPI, MPII, PLF-XIII, PLF-XIV, ExTerra and Michael Parker. Possible business associates of MPI and MPII include: ExTerra Realty Partners (Livermore, Pleasanton); N-Star Rel CDO VIII Grantor Trust, Series WW, and Westhoff, Cone & Holmstedt. A secured Party of MPI and MPII is N-Star Rel CDO VIII Grantor Trust, Series WW (399 Park Ave Fl 18, NY NY), which may be associated with NRFC WA Holdings II, LLC.

<u>NRFC WA Holdings II, LLC ("Northstar")</u>

NRFC WA Holdings II, LLC (also referred to as "Northstar") held an existing deed of trust on the Montevina Phase I Property, which secured a loan to MPI and an existing deed of trust on the Montevina Phase II Property, which secured a loan to MPII. Northstar made construction loans to MPI in the amount of $20,120,000 between 2007 and 2012, but this amount was reduced to $500 after the 2012 bond transaction and Northstar agreed to subordinate this debt to the 2012A Bonds by way of a Subordination Agreement dated October 1, 2012.

NRFC Sub-REIT Corp., a Maryland corporation, is the sole member of NRFC WA Holdings II, LLC.

Westhoff, Cone & Holmstedt

Westhoff, Cone & Holmstedt ("WCH") is a financial services firm located in Walnut Creek, California. WCH provides investment banking and underwriting for various industries, including charter schools. WCH was the underwriter for the 2012 Bonds transaction.

Mark Holmstedt and Anthony Cone, both named partners of WCH are also the members of Montevina Phase I, LLC and Montevina Phase II, LLC. We understand that Mr. Cone is deceased.

Possible business associates of WCH are IOS Capital (located in Macon, GA) and Montevina Phase I and II.

One of the addresses associated with WCH (500 Ygnacio Valley Road, Walnut Creek CA) is also associated with MPI and MPII.

PLF-XIII, LLC and PLF-XIV, LLC

PLF-XIII owned the Montevina I Interest, except for the Northstar Phase I Deed of Trust. PLF-XIV owned the Montevina II Interest, except for the Northstar Phase II Deed of Trust.

Name variations of these companies include PLF-XI, LLC; PLF-XIII, LLC; and PLF-XIV, LLC. Possible business associates of PLF-XIII/PLF-XIV are listed as NRFC WA Holdings, LLC (Irving, TX) and ExTerra Realty Partners, LLC. PLF-XI, LLC is the sole member of Iowa Property Owners.

Secured Parties of PLF-XI/PLF-XIII/PLF-XIV are NRFC WA Holdings, LLC and NRFC WA Holdings II, LLC.

The address associated with PLF-XI/PLF-XIII/PLF-XIV (4900 Hopyard Rd, Pleasanton CA) is also associated with MPI, MPII and ExTerra Realty Partners, LLC. Michael Parker is the President of PLF-XIII and an executive/signatory for PLF-XI.

ExTerra Realty Partners LLC

ExTerra Realty Partners LLC are real estate agents and managers.

One of the addresses associated with ExTerra Realty Partners, LLC (4900 Hopyard Rd, Pleasanton CA) is also associated with MPI, MPII and PLF-XI/PLF-XIII/PLF-XIV. Several of the addresses associated with ExTerra Realty Partners, LLC (4900 Hopyard Rd, Pleasanton CA; 3110 Constitution Dr, Livermore CA; 3142 Constitution Dr, Livermore, CA) are also associated with MPI and MPII. The property located at 3142 Constitution Dr, Livermore, CA is the subject of the 2012 Bonds.

Individuals associated with ExTerra include: David Clock (registered agent for Montevina Phase I Owners Association, Rick Kiper, Julie Parker, Michael Parker (Owner/President of Montevina Phase I Owners Association; also associated with MPI/MPII; listed as an owner of ExTerra Realty Partners), and Tammy Dragotta. Possible business associates include: MPI and MPII, NRFC WA Holdings II, LLC, Tri Valley Campus I, LLC.

Mark A. Holmstedt and Anthony E. Cone

Mark A. Holmstedt, along with Anthony E. Cone, are the two men who make up Montevina Phase I & II, LLC. Both men are also named partners of the financial services firm Westhoff, Cone & Holmstedt.

The Series 2015 Bond Transaction

California Preparatory Academies

California Preparatory Academies is a public benefit nonprofit corporation that along with TVLC (as co-tenants), entered into a lease dated April 1, 2015, with Independence Support LLC, to acquire facilities located at 3090 Independence Drive, Livermore, CA ("Independence Plaza"). Independence Plaza was intended to be the location for Livermore Charter Preparatory High School and the San Francisco Bay Preparatory Academy, a private boarding high school. The Squaw Valley Academy Bay Area, a private boarding school, is now located at that address.

The owner/President of California Preparatory Academies is Bill Batchelor. As mentioned above, he is also associated with the private school that currently occupies that space.

One of the addresses for California Preparatory Academies is listed as 3252 Constitution Drive, Livermore, the same address for Independence Support, LLC, and Livermore Charter Zone Corporation (this address was also part of the property subject to the 2012 Bonds).

Another address for California Preparatory Academies (7901 Stoneridge Drive, Pleasanton) is associated with Independence Oaks LP, Goldstone/Acre LLC, Goldstone United Investments, LLC Squaw Valley Education Management and Squaw Valley Land LLC. Another address associated with California Preparatory Academies is 3090 Independence Drive, Livermore, which was the subject of the 2015 Bonds, and associated with Independence Support, LLC and Goldstone United Investments LLC.

A secured party of California Preparatory Academies (and Squaw Valley Land LLC, Squaw Valley Education Management, LLC and Squaw Valley Academy, Inc.) is Greenlake Real Estate Fund LLC (located in Pasadena, CA).

The registered agent for service is Julian Zegelman, who is also associated with Goldstone United Investments, LLC.

Independence Support, LLC

Proceeds of the 2015 Bonds were loaned by the Authority to Independence Support, LLC in order to acquire Independence Plaza (3090 Independence Drive, Livermore). Independence Support's sole member is the Livermore Charter Zone Corporation. Independence Plaza was leased from Goldstone United Investments LLC free of rent for 50 year term (plus possible 25 year extension). Independence Support subleased the property to TVLC and California Preparatory Academies, which were jointly and severally liable for the obligations. The location is to be utilized for the Livermore Valley Charter Preparatory High School, a charter school, and the SF Bay Preparatory Academy, a private boarding high school.

The address for Independence Support, LLC is listed as 3090 Independence Drive, Livermore CA (which is the same address as 3090 LLC and Squaw Valley Academy Bay Area); another address was 3252 Constitution Dr, Livermore CA (property subject to 2012 Bonds). The registered agent for Independence Support is Derek Austin (attorney for TVLC).

Livermore Charter Zone Corporation

Livermore Charter Zone Corporation ("LCZC") is a nonprofit public benefit corporation and the sole member of Independence Support, LLC. LCZC was initially formed in 2008 to own and operate a preschool and instructional daycare center, but the bylaws were amended in 2011 to redefine LCZC to support TVLC.

Individuals associated with LCZC include: John Zukoski (Director); Bill Batchelor (Initial agent for service of process; President/CEO); Rick Swiers (President, TVLC Board member); Brenda Miller, Cheryl Weaver.

The address listed for LCZC is 3252 Constitution Dr, Livermore CA (property subject to 2015 Bonds).

Goldstone United Investments LLC

Goldstone United Investments LLC was the owner of Independence Plaza (3090 Independence Drive, Livermore, CA), the 5.56-acre site that was acquired using the proceeds of the 2015 Bonds. Previously, 3090 Independence Drive was owned by 3090 LLC, and sold to Goldstone United Investments LLC in 2013.

Individuals associated with Goldstone United Investments include: Bill Batchelor (executive); Xu Liu (executive); Julian Zegelman (also associated with California Preparatory Academies).

The address for Goldstone United Investment is listed as 3090 Independence Drive, Livermore, CA. Another address for Goldstone United Investments was listed as 7901 Stoneridge Dr, Pleasanton, CA, which is the same address as Goldstone/Acre LLC.

Goldstone/Acre LLC

San Francisco Bay Preparatory Academy, which was to be located at Independence Plaza, along with Livermore Valley Charter Preparatory High School, was managed by Goldstone/Acre LLC. Goldstone/Acre LLC has the same address as, and was the sole member of, Goldstone United Investments, LLC, which owned Independence Plaza. Name variations of Goldstone/Acre LLC include Goldstone Acre Education Management, LLC and Goldstone Acre Land, LLC. It is also associated with Squaw Valley Education Management and Squaw Valley Land LLC (all have the same address 7901 Stoneridge Dr, Pleasanton, CA). It may also be associated with Squaw Valley Academy Bay Area, the Livermore International School (which is located at 3090 Independence Drive, Livermore CA).

Individuals associated with Goldstone/Acre LLC include: Bill Batchelor (executive of Goldstone Acre Land, LLC and associated with Squaw Valley Academy Bay Area).

Independence Oaks LP

Independence Oaks LP purchased Independence Plaza (3090 Independence Drive, Livermore) from 3090 LLC in 2013. Independence Oaks had been instrumental in developing the Independence Plaza and apparently advanced more than $2 million in purchase contract extension payments to 3090 LLC (in addition to the contract price). Independence Oaks then sold Independence Plaza to Goldstone United Investments LLC for $18,562,703. Goldstone United Investments then entered into the rent-free Ground Lease with the Borrower, Independence Support, and sold the Facilities to Independence Support for $16,247,503. All brokerage commissions were to be paid by Independence Oaks.

The address of Independence Oaks is 7901 Stoneridge Dr, Pleasanton, CA, which is the same address as Goldstone/Acre LLC, Goldstone United Investments, LLC Squaw Valley Education Management and Squaw Valley Land LLC. It is also the same address as ACRE Cresta, LLC, the general partner of the Borrower (Independence Oaks) of the 2014 TRANs which were never issued. ACRE Cresta was owned 50% by ACRE Investment Company LLC, which is also listed at the same address.

3090 LLC

3090 LLC, an affiliate of Balch Enterprises, was the original owner of Independence Plaza (3090 Independence Drive, Livermore, CA). This property was leased to TVLC and Bay Area Preparatory Academy Foundation pursuant to a lease dated February 22, 2013.

3090 LLC had apparently been under contract to sell Independence Plaza to Independence Oaks LP since 2013. Independence Oaks had been instrumental in development the Project and had advanced more than $2 million in purchase contract extension payments to 3090 LLC (in addition to the contract price). The October 8, 2013 Addendum to Agreement noted TVLC/BAPAF was in default and had not paid rent since August 2013. The property was then purchased by Goldstone United Investments later in 2013.

Balch Enterprises Inc. purchased 3090 Independence Drive in 2006 from Yang Bioscience, LLC. At that time, the assessed value of the property was $12,394,000.

Other Individuals Involved

Lynn Lysko: current TVLC CEO

John M. Zukoski:

- TVLC – interim CEO, Board member
- Livermore Charter Zone Corporation – Director, Board member, Director of Finance

Michael Parker:

- Montevina Phase I – prior owner

- Montevina Phase II – prior executive
- ExTerra Realty Partners – owner

David Clock: Montevina Phase I registered agent

Richard Norris: attorney from Archer Norris, associated with Montevina Phase I & II

Richard Swiers: TVLC board member, original agent for service of Livermore Valley Charter School

Bill Batchelor:

- Former TVLC CEO (until 8/24/15); Chief Operating Officer, Acting Secretary of TVLC (during 2012)
- Initial agent for service of process of Livermore Charter Zone Corporation
- Executive of Goldstone Acre Land LLC and associated with Goldstone/Acre LLC, which operated SF Bay Preparatory Academy
    - Owner of California Preparatory Academies
    - Associated with Squaw Valley Academy Bay Area, the Livermore International School (which is located at 3090 Independence Drive, Livermore CA)
    - CFO and Secretary of the board of SF Bay Preparatory Academy Foundation in 2014 ("SFBPA") (one of three board members in 2014 – other board members were Robert Stewart, Chairman/CEO/Headmaster and Neil Cowles, Director)

<u>Summary</u>

There appears to be close relationships between many of the entities and individuals involved with both the 2012 and 2015 transactions, as well as the 2014 transaction that was never consummated. Close relationships such as these raise the question of whether these transactions were truly "arms'-length." The failure of a transaction to be negotiated and entered into in an arms'-length setting can significantly contribute to deficiencies in the transactions' framework due to these less-than arms'-length relationships.