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SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF ORANGE

UMB BANK, N.A. as Successor Trustee for the California School Finance Authority Educational Facilities Revenue Bonds (Tri-Valley Learning Corporation Project), Series 2012A Plaintiff, vs. ORRICK, HERRINGTON & SUTCLIFFE LLP, a California Limited Liability Partnership Defendant.	Case No. 30-2016-00892817-CU-PN-CXC COMPLAINT AND JURY DEMAND Judge Kim G. Dunning Dept CX104

Plaintiff UMB Bank, N.A.[1] ("UMB," "Plaintiff," or "Trustee"), for its Complaint against Defendant Orrick, Herrington & Sutcliffe LLP ("Orrick" or "Defendant") states and alleges as follows:

I. PARTIES

1. UMB Bank, N.A. is a subsidiary of UMB Financial Corporation. UMB's principal place of business is located at 1010 Grand Blvd., Kansas City, MO 64106.

2. UMB is the successor to The Bank of New York Mellon Trust Company, N.A. ("BONY") as the Trustee of the California School Finance Authority Educational Facilities Revenue Bonds (Tri-Valley Learning Corporation Project), Series 2012A (hereinafter, the "Bonds") pursuant to that Indenture between California School Finance Authority and BONY dated as of October 1, 2012 relating to the Bonds (the "Indenture"). Any reference herein to the "Trustee" shall be deemed to include both UMB and BONY where applicable.

3. Pursuant to the terms of the Indenture, UMB is empowered to institute and prosecute legal proceedings for the benefit of the holders of the Bonds (the "Bondholders").

4. Defendant Orrick is a law firm structured as a limited liability partnership. Orrick has multiple offices around the globe, including one in Orange County, California. Orrick's Orange County office is located at 2050 Main Street, Suite 1100, Irvine, CA 92614-8255.

5. Orrick acted as Bond Counsel and Disclosure Counsel in connection with the offering and sale of the Bonds.

II. JURISDICTION AND VENUE

6. This Court has jurisdiction over this matter pursuant to Cal. Civ. Proc. Code § 410.10 as Orrick is a law firm doing business in California and the claims asserted herein relate to work performed by Orrick in connection with the issuance of the Bonds to finance a charter school project located in

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[1] Notwithstanding anything else set forth herein, UMB Bank, N.A., files this Complaint and Jury Demand solely in its capacity as successor trustee (the "Trustee") under that Indenture dated as of October 1, 2012 (the "Indenture") under which the California School Finance Authority issued those $27,500,000 California School Finance Authority Educational Facilities Revenue Bonds (Tri-Valley Learning Corporation Project), Series 2012A (the "Bonds").

California. The acts or omissions alleged herein relate to Orrick's failure to perform certain acts within California.

7. Venue is appropriate in this Court pursuant to Cal. Civ. Proc. Code §§ 395, 395.2 and 395.5 as Orrick maintains an office in Orange County, California and has not designated a principal place of business within the State of California with the California Secretary of State.

III. BACKGROUND FACTS

The Bonds.

8. The Bonds were offered and sold in 2012 by means of a Limited Offering Memorandum as supplemented and amended by that Supplement to Limited Offering Memorandum dated September 24, 2012 and that Second Supplement to Limited Offering Memorandum dated October 3, 2012. The Limited Offering Memorandum, as supplemented and amended, shall be referred to herein as the "LOM."

9. The Bonds were offered and sold for the purpose of financing the acquisition, construction, improvement and equipping of certain public charter school facilities known as the Livermore Valley Charter School ("LVCS") and the Livermore Valley Charter Preparatory High School ("LVCPHS"), both of which were operated as Tri-Valley Learning Corporation ("TVLC") and located in Livermore, California. LVCS and LVCPHS shall be collectively referred to herein as the "Schools."

10. The use, distribution and repayment of the proceeds from the sale of the Bonds are governed by a series of legal documents including: 1) a Loan Agreement between the California School Finance Authority (the "Authority") and the Schools (hereinafter, the "Loan Agreement"); and, 2) the Indenture.

11. Orrick drafted and materially assisted in the preparation of the LOM, Loan Agreement, Indenture and a variety of other key documents integral to completing the offering and sale of the Bonds in accordance with the terms and structure thereof (including, without limitation, certain deeds of trust and the security agreements therein as set forth in greater detail below).

12. The initial offering and sale of the Bonds closed on or about October 4, 2012.

13. The Bondholders read and relied upon the LOM in connection with their purchase of the Bonds, including, *inter alia*, the statements therein that Orrick was acting as Bond Counsel and Disclosure Counsel.

14. The Bondholders relied upon Orrick to fulfill the traditional role of Bond Counsel and to close the transaction in accordance with the terms and structure set forth in the LOM (and the other relevant documents summarized therein).

Orrick and the traditional role of Bond Counsel.

15. Orrick was identified as Bond Counsel and Disclosure Counsel in the LOM and served as Bond Counsel and Disclosure Counsel in connection with the offering and sale of the Bonds. On information and belief, Orrick received significant compensation for its role in the transaction.

16. Within the municipal finance industry, the term "Bond Counsel" is a term of art. In a transaction, such as this one, involving a conduit issuer (the Authority), Bond Counsel's role is understood to include, without limitation:

a. Assistance in defining the legal structure and terms of the Bonds;

b. Helping prepare and draft the documents necessary to complete the issuance of the Bonds, including the LOM, Indenture, Loan Agreement, security agreements, deeds of trust and other legal documents necessary to the structure and completion of the transaction;

c. Coordinating the closing of the sale of the Bonds, including confirming that all tasks to be performed at or before closing have been completed;[2] and,

d. Delivering such opinion(s) of Bond Counsel as are contemplated by the offering documents for the transaction.

17. Specifically, and without limitation, Bond Counsel is understood to be the party responsible for taking appropriate action—or, as part of its closing obligations, ensuring that appropriate action has been taken by others—to perfect any security interest given to the participants by the borrower in connection with the bond financing transaction.

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[2] Bond Counsel's role in closing a bond transaction is not unlike the role of a title company in closing a real estate transaction. A title company's closing agent ensures that all documents have been properly executed and recorded and all conditions to closing have been met. Bond Counsel traditionally serves the same function in the closing of a bond transaction.

18. Bond Counsel in a conduit issuer transaction like this one is typically retained to act as an objective party charged with ensuring the transaction is properly completed and is paid out of the available proceeds at closing, further establishing the view that Bond Counsel's role is to see to the full and faithful execution of the bond transaction as it is structured in the relevant offering documents and related materials.

19. As experienced Bond Counsel, Orrick is aware that participants in municipal financing markets—particularly Trustees and the Bondholders who purchased the Bonds in reliance upon the structure and terms set forth in the LOM and other documents Bond Counsel helped draft and prepare—rely upon Bond Counsel to faithfully see that the transaction is consummated in accordance with its terms.

20. The term "Disclosure Counsel" is likewise a term of art in the municipal finance industry.

21. The role of Disclosure Counsel is understood to indicate that a law firm such as Orrick has engaged in some degree of review of the adequacy of the disclosure contained in the offering documents. Disclosure Counsel often provides comfort letters to the issuer or Underwriter as a condition to closing.

22. As both Bond Counsel and Disclosure Counsel in connection with the offering and sale of the Bonds, Orrick had the unilateral ability—and the duty—to prevent the sale of the Bonds from closing if it had concerns with the completion of the items required at closing or the adequacy of the disclosure in the LOM. Orrick could have refused to administer and oversee the closing, or could have withheld either of the required opinion letters it provided at closing.

The intended security for the repayment of the Bonds.

23. The Bonds were to be repaid out of the gross revenues generated by TVLC associated with the operations of the Schools.

24. In order to secure the repayment of the Bonds, the LOM provides that TVLC shall enter into, *inter alia*, a Leasehold Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (the "TVLC Deed of Trust").

25. The LOM provides that the TVLC Deed of Trust is to be recorded simultaneously with the acquisition of the real property interest subject thereto.

26. The Loan Agreement imposes similar obligations upon TVLC relative to the TVLC Deed of Trust.

27. The LOM further provides that TVLC will execute and cause to be filed Uniform Commercial Code ("UCC") financing statements and such other documents as may be necessary in order to perfect and maintain the security interests set forth in the TVLC Deed of Trust and provide the public with notice of the same.

28. The Loan Agreement imposes a similar obligation upon TVLC relative to the execution and filing of appropriate UCC financing statements.

29. Given the statements in the LOM and the Loan Agreement, the execution, recording and filing of the TVLC Deed of Trust and required UCC financing statements should have been a condition of closing the sale of the Bonds.

30. As Bond Counsel and Disclosure Counsel in connection with the offering and sale of the Bonds, it was Orrick's job to ensure that the TVLC Deed of Trust was properly recorded and that the UCC financing statements necessary to perfect and give public notice of the security interests granted to the Trustee were properly filed.

31. Orrick's duty to ensure that all documents necessary to effectuate the security interests granted to the Trustee in connection with the Bonds, including those evidenced by the TVLC Deed of Trust, were properly filed is supported by, *inter alia*:

a. The fact that Orrick handled the recording of the TVLC Deed of Trust in the public records of Alameda County, California;

b. The fact that Orrick handled the UCC filings made in connection with a 2015 bond issuance also involving TVLC in which Orrick also served as Bond Counsel; and,

c. The standard of practice in the industry whereby Bond Counsel is charged with conducting closing and ensuring that deeds of trust and UCC financing statements, such as the documents at issue here, are properly recorded/filed.

32. Orrick did, in fact, arrange for the recording of the TVLC Deed of Trust in the public records of Alameda County, California. The recorded TVLC Deed of Trust appears in said public records at reception number 2012328067.

33. Among other things, the TVLC Deed of Trust grants to BONY (UMB's predecessor as Trustee for the Bonds), for the benefit of the Bondholders, a broad security interest in a variety of TVLC property including, without limitation, goods, fixtures, equipment, inventory, materials, work in progress, finished goods, tangible assets, accounts, chattel paper, instruments, deposit accounts, other rights to payment of money, general intangibles and contract rights (and any products, accessions, additions, substitutions, replacements or proceeds of the same). The portion of the TVLC Deed of Trust granting the security interest to BONY (as Trustee for the Bonds) is attached hereto as Exhibit 1.

34. A substantially similar grant of a security interest from TVLC to BONY (as Trustee of the Bonds) also appears in a separate deed of trust from TVLC to BONY recorded in Alameda County, California at reception number 2012327825 (the "2nd TVLC Deed of Trust"). The portion of the 2nd TVLC Deed of Trust granting the security interest to BONY (as Trustee for the Bonds) is attached hereto as Exhibit 2.

35. The TVLC Deed of Trust and the 2nd TVLC Deed of Trust (collectively, the "TVLC Deeds of Trust") were recorded on October 4, 2012.

36. Pursuant to the LOM and Loan Agreement, one or more UCC financing statements evidencing the security interest granted in the TVLC Deeds of Trust were also to be filed and were necessary to perfect the Trustee's security interest. Prompt perfection of the Trustee's security interest in the Schools' property and assets was required to ensure the Trustee's security interest remained senior to other later creditors.

37. In September 2016—after other of TVLC's creditors challenged the Trustee's first priority security interest in TVLC's assets and asserted a first-filed UCC financing statement—Plaintiff commissioned a search of California UCC records with the search terms "Livermore Valley Charter School," "Livermore Valley Charter Preparatory High School," and "Tri-Valley Learning Corporation."

38. Plaintiff's UCC search did not reveal any UCC financing statement reflecting the security interests granted to the Trustee in connection with the sale of the Bonds, including, without limitation, those appearing in the TVLC Deeds of Trust.

39. Thus, while Orrick recorded the TVLC Deeds of Trust in the real property records for Alameda County, California, Orrick negligently failed to file (or ensure the filing of) one or more UCC financing statements perfecting and providing notice to the public of the security interests granted in the TVLC Deeds of Trust as required under the LOM and Orrick's role as Bond Counsel and Disclosure Counsel in the transaction.

40. Whether in relationship to the TVLC Deeds of Trust or otherwise, Orrick negligently failed to file (or ensure the filing of) one or more UCC financing statements relating to the first-priority security interests granted to BONY (UMB's predecessor in interest) in connection with the Bonds.

41. For all of the reasons set forth above, including Orrick's direct participation in the drafting or preparation of the LOM, Loan Agreement, Indenture and TVLC Deeds of Trust, among others, Orrick was well aware that the Trustee and Bondholders were known and intended beneficiaries of the security interests contemplated by the transaction (including the TVLC Deeds of Trust and required UCC financing statements).

42. Had Orrick filed (or ensured the filing of) one or more UCC financing statements to perfect and give notice of the security interests granted to BONY in connection with the sale of the Bonds, including those in the TVLC Deeds of Trust, they should have been filed at or about the same time the TVLC Deeds of Trust were recorded—namely, on or about October 4, 2012.

43. After Orrick should have filed (or ensured the filing of) one or more UCC financing statements relating to the first priority security interests granted to BONY (UMB's predecessor in interest) under the TVLC Deeds of Trust and otherwise in connection with the Bonds, TVLC entered into a relationship with Heritage Bank of Commerce ("Heritage").

44. Heritage subsequently filed a UCC financing statement on October 3, 2014 (the "Heritage UCC"), purporting to grant Heritage a security interest in "All Inventory, Chattel Paper, Accounts, Equipment and General Intangibles; whether any of the foregoing is owned now or acquired later; all accessions, additions, replacements, and substitutions relating to any of the foregoing; all records of any

kind relating to any of the foregoing; all proceeds relating to any of the foregoing (including insurance, general intangibles and other accounts proceeds)."

45. Upon information and belief, TVLC has or had its operating accounts with Heritage.

46. In recent months the Schools have become financially distressed, leading TVLC to file for bankruptcy protection on or about November 8, 2016.

47. Upon information and belief, TVLC is in default of its obligations to Heritage that are purportedly secured by the Heritage UCC.

48. Had Orrick properly filed (or ensured the filing of) one or more UCC financing statements reflecting the security interest granted to BONY (UMB's predecessor) in connection with the offering and sale of the Bonds, it would have been clear that the Trustee's interest in the Schools' assets was senior to Heritage and to any claim asserted by any other of TVLC's creditors.

49. Because no such UCC financing statements were filed, Heritage has taken the position that it is entitled to a first priority lien on TVLC's assets relative to the Schools. Moreover, Heritage and other of the TVLC's creditors have taken the position that the Trustee is merely a general unsecured creditor with respect to certain of the Schools' assets.

50. Orrick's failure to file (or ensure the filing of) one or more UCC financing statements reflecting the security interest granted to the Trustee in connection with the offering and sale of the Bonds places the Trustee at a substantial disadvantage in the TVLC bankruptcy proceeding by, *inter alia*, depriving the Trustee of control of the disposition of the Schools' assets that would have been subject to one or more properly filed UCC financing statements and exposing such assets to the claims of other creditors.

51. Orrick's failure to file (or ensure the filing of) one or more UCC financing statements relating to the security interests granted to the Trustee in connection with the sale of the Bonds was not discovered by the Trustee until approximately September 2016, following threats made by Heritage to shut the Schools down.

52. The Trustee has suffered, and will continue to suffer, damage as a result of Orrick's failure to file (or ensure the filing of) one or more UCC financing statements on or about October 4, 2012 in connection with the offering and sale of the Bonds. Such damages include, without limitation: 1) the

additional costs and attorney's fees necessary to deal with purported creditors whose interests in the Schools' assets should be junior to the Trustee's; 2) any sums recovered by other creditors in the TVLC bankruptcy which should have been payable to the Trustee had one or more UCC financing statements been properly filed; and, 3) the reduced value of the Bonds resulting from uncertainty in the security for the same caused by Orrick's negligence.

FIRST CLAIM FOR RELIEF
(Professional Negligence)

53. Plaintiff repeats the allegations of all preceding paragraphs of this Complaint and incorporates the same by reference.

54. Trustee and the Bondholders were intended beneficiaries of Orrick's services as Bond Counsel and Disclosure Counsel in connection with the offering and sale of the Bonds.

55. Among other things, it is usual and customary in the industry for Bond Counsel to take such actions—in the form of recording and filing, or verifying the recording and filing of necessary documents—to ensure that any security interest(s) granted to bond holders are properly perfected at closing.

56. In this case, Orrick undertook the task of ensuring the proper perfection and preservation of the Trustee's security interests relating to the Bonds by, *inter alia*, serving as Bond Counsel (and undertaking all the attendant duties customarily associated with the same) and recording the TVLC Deeds of Trust.

57. Upon information and belief, Orrick drafted the TVLC Deeds of Trust including the security agreements set forth therein.

58. Orrick knew, or at minimum could reasonably foresee, that the Trustee and the Bondholders were relying upon Orrick to ensure that the security interests granted to the Trustee for the benefit of the Bondholders in connection with the offering and sale of the Bonds were properly perfected and preserved.

59. The Trustee and Bondholders were, in fact, relying upon Orrick to ensure that the security interests granted to the Trustee for the benefit of the Bondholders in connection with the offering and sale of the Bonds were properly perfected and preserved.

60. Orrick had a duty to exercise such skill, prudence and diligence as members of the legal profession commonly possess and exercise in connection with its obligations as Bond Counsel and

Disclosure Counsel, including taking such steps as were necessary to ensure the preservation and perfection of the security interests granted to the Trustee in connection with the Bonds.

61. Orrick breached its duty by failing to file (or ensure the filing of) one or more UCC financing statements pertaining to the security interests granted to the Trustee in connection with the Bonds.

62. Orrick's failure to file (or ensure the filing of) one or more UCC financing statements perfecting and giving notice to the public of the security interests granted to the Trustee in connection with the Bonds has caused the Trustee (on behalf of the Bondholders) to suffer damages and has placed the priority and effectiveness of the security interests granted to the Trustee in jeopardy.

63. The Trustee (on behalf of the Bondholders) has suffered actual loss or damage resulting from Orrick's negligence, and will continue to suffer actual loss and damage, in an amount to be determined at trial.

SECOND CLAIM FOR RELIEF
(In the alternative, California Securities Act, Cal. Corp. Code § 25504.1)

64. Plaintiff repeats the allegations of all preceding paragraphs of this Complaint and incorporates the same by reference.

65. As set forth above, Orrick—consistent with its role as Bond Counsel in connection with the offering and sale of the Bonds—had a duty to ensure that the transaction was completed and closed in accordance with the requirements of the LOM and Loan Agreement, including the filing of one or more appropriate UCC financing statements to perfect the Trustee's first priority security interest in the School's assets.

66. However, in recent correspondence dated December 12, 2016, Orrick's Chief Legal Officer, Larry Low, has represented that Orrick's engagement agreement "specifically provides that [Orrick] had no duty or obligation to file or perfect any security interest."

67. If Low's statements are true, it is an admission that Orrick had limited its representation in a fashion that was inconsistent with the traditional role of Bond Counsel discussed above. Traditionally, Bond Counsel is charged with, *inter alia*, closing the transaction according to its terms—a task which includes ensuring that the documents necessary to perfect any security interest contemplated by the transaction have been properly completed and filed. If the representations in Low's December 12, 2016 correspondence are correct, Orrick never intended to fulfill the traditional role of Bond Counsel.

68. The LOM specifically identifies Orrick as Bond Counsel and contains no indication that Orrick had limited its engagement such that it would not undertake the typical role of ensuring that the transaction closed in accordance with the structure and representations in the LOM, Loan Agreement, Indenture and other related documents.

69. If the representations in Low's December 12, 2016 correspondence are correct, the LOM contained material misstatements and omissions of material fact because it represented that Orrick would serve as Bond Counsel, but failed to disclose the known limitations Orrick had placed upon its role. These misrepresentations and omissions are material because, *inter alia*:

a. The Trustee and Bondholders believed that Orrick would be fulfilling the traditional role of Bond Counsel and relied upon Orrick to perform in that capacity;

b. There was no other party charged with ensuring the transaction closed in accordance with the structure and representations in the LOM;

c. The Indenture specifically states that the Trustee is not responsible for recording or filing financing statements or any other document necessary to perfect the security interest in any collateral given to or held by it;

d. The Authority is merely a conduit issuer and cannot be relied upon to ensure that the transaction closed in accordance with the structure and representations in the LOM;

e. The Borrower under the Loan Agreement (TVLC and the Schools) had a conflict of interest such that they could not be trusted to record appropriate UCC financing statements to perfect the Trustee's interest in their funds and property.

70. In other words, by failing to disclose the alleged limitations on its role, Orrick rendered the representations that it was acting as Bond Counsel misleading and concealed the material fact that no one was charged, or could be trusted, with ensuring the transaction closed in accordance with the structure and representations in the LOM and that the Trustee's security interests were properly perfected.

71. Orrick was aware of, and had actual knowledge of, the misleading statements and omissions in the LOM concerning Orrick's role as Bond Counsel because Orrick, among other things, materially assisted in the drafting and preparation of the LOM, Loan Agreement, Indenture, TVLC Deeds of Trust and other significant documents related to the offering and sale of the Bonds and approved—either

expressly or impliedly by permitting the transaction to proceed without correction—the statements in those documents indicating it was working as Bond Counsel (without disclosure of any material limitations on Bond Counsel's typical obligations). Moreover, Orrick:

a. Served as Disclosure Counsel, meaning it performed some degree of review of the adequacy of the disclosures in the LOM; and,

b. Consulted with representatives of the Schools, TVLC, the Authority and the Underwriter relative to the issuance of the Bonds and the documents necessary for the offer and sale of the Bonds.

72. Given its experience acting as Bond Counsel and Disclosure Counsel in various municipal finance transactions, Orrick was well aware that the Bondholders would read and rely upon the LOM in connection with making their investment decisions to purchase the Bonds.

73. As Bond Counsel, Orrick placed, or permitted the placement of, language in the LOM indicating that Orrick was serving as Bond Counsel without any indication that Orrick had limited, or attempted to limit, its responsibility in a fashion that was inconsistent with the traditional role of Bond Counsel. By placing these statements in a document (the LOM) Orrick knew investors would read and rely upon, Orrick intended to induce reliance upon the same.

74. If the statements in Mr. Low's December 12, 2016 correspondence are true, Orrick placed, or permitted the placement of, language in the LOM that was false and misleading because it did not fairly and accurately communicate the scope of the responsibility Orrick had assumed as Bond Counsel on the transaction. If the statements in Mr. Low's December 12, 2016 correspondence are true, Orrick intended to induce investor reliance on such false and misleading statements by placing, or permitting them to be placed, in an LOM that Orrick knew investors would rely upon.

75. Moreover, if the statements in Mr. Low's December 12, 2016 correspondence are true, the misrepresentations and omissions in the LOM relating to Orrick's role as Bond Counsel were knowing ones as Orrick had decided to contractually limit its role at the time of its engagement. Thus, by allowing inaccurate statements concerning its unfettered role as Bond Counsel to be placed in the LOM, Orrick intended to induce investor reliance upon its knowing misrepresentations or omissions.

76. Orrick allowed the LOM and other transaction documents to be published and distributed to potential investors (including the Bondholders) despite the fact that they did not accurately communicate the nature and extent of Orrick's obligations as Bond Counsel.

77. Given its role in the transaction, Orrick had the ability and the obligation to demand that revisions be made to the LOM and other offering documents to fully and fairly disclose the nature and extent of its role—and the extent to which it intended to deviate from the traditional role of Bond Counsel.

78. In light of the foregoing, Orrick intended to deceive and/or defraud Trustee and/or the Bondholders by inducing their reliance on the false and misleading statements in the LOM and allowing them to believe that Orrick would be fulfilling the traditional role of Bond Counsel when, in fact, Orrick had materially limited its role—such that it had disclaimed any responsibility for ensuring the Trustee's security interests were properly perfected—and no other participant was performing that function.

79. As a result of the false and misleading statements and omissions concerning the nature and extent of Orrick's involvement in the transaction, the Bonds were offered and sold by the Authority, through the Underwriter, to the Bondholders by means of written communication that included untrue statements of material fact and/or omitted to state material facts necessary to make the statements made, in light of the circumstances under which they were made, not misleading.

80. The Bondholders are in privity with the offeror and seller of the Bonds as the initial purchaser of the same.

81. The offeror and seller of the Bonds had a duty to the Bondholders, as the purchasers of the Bonds, to make full and fair disclosure of all known material facts and to refrain from offering or selling the Bonds on the basis of false or misleading statements of fact or omissions of fact necessary to make the statements made, in light of the circumstances under which they were made, not misleading.

82. By virtue of its involvement in transaction as alleged above, and by permitting the transaction to move forward on the basis of false and misleading statements and/or omissions concerning the nature and extent of its role as Bond Counsel, Orrick materially assisted the offering and sale of the Bonds by means of false and misleading statements and/or omissions as more fully set forth above.

83. The Trustee and the Bondholders have been damaged as a result of the false and misleading statements and omissions alleged herein, and Orrick's material assistance in the same. Such damage is in

an amount to be proven at trial and includes, without limitation: 1) the additional costs and attorney's fees necessary to deal with purported creditors whose interests in the Schools' assets should be junior to the Trustee's; 2) any sums recovered by other creditors in the TVLC bankruptcy which should have been payable to the Trustee had one or more UCC financing statements been properly filed; and, 3) the reduced value of the Bonds resulting from uncertainty in the security for the same caused by the failure to perfect the Trustee's security interest in the Schools' property.

RELIEF REQUESTED

Plaintiff requests that that the Court enter judgment in favor of Plaintiff and against Orrick and award Plaintiff:

a. Rescission of the $27,500,000 issuance of the Bonds or, in the alternative, damages in an amount to be proven at trial;

b. Prejudgment interest;

c. Costs and attorney's fees as allowed by law;

d. Any other relief which the Court deems proper.

PLAINTIFFS HEREBY DEMAND A TRIAL BY JURY ON ALL ISSUES TRIABLE AS OF RIGHT BY JURY.

Dated: December 15, 2016

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EXHIBIT 1

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OFFICIAL RECORDS OF ALAMEDA COUNTY
PATRICK O'CONNELL
RECORDING FEE: 126.00

27 PGS

RECORDING REQUESTED BY
AND WHEN RECORDED, RETURN TO:

Orrick, Herrington & Sutcliffe LLP
The Orrick Building
405 Howard Street
San Francisco, California 94105
Attention: Eugene Clark-Herrera, Esq.

LEASEHOLD DEED OF TRUST, ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FIXTURE FILING

THIS LEASEHOLD DEED OF TRUST, ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FIXTURE FILING (this "Deed of Trust"), dated as of October 1, 2012, and effective as of October 4, 2012, is made by LIVERMORE VALLEY CHARTER SCHOOL and LIVERMORE VALLEY CHARTER PREPARATORY HIGH SCHOOL, both operated as TRI-VALLEY LEARNING CORPORATION, as trustor ("Trustor"), to Chicago Title Company, as trustee ("Trustee"), for the benefit of The Bank of New York Mellon Trust Company, N.A., as trustee for the holders of the California School Finance Authority Educational Facilities Revenue Bonds (Tri-Valley Learning Corporation Project), Series 2012A (the "Bonds"), as beneficiary ("Beneficiary"), with an office at 700 South Flower Street, Suite 500, Los Angeles, California 90017 (Trustor, Trustee and Beneficiary shall be collectively referred to herein as the "Parties").

GRANT IN TRUST

Trustor hereby grants and assigns to Trustee, in trust, with power of sale and right of entry and possession, all of Trustor's right, title and interest, whether now owned or hereafter acquired, in or to the property and rights listed in paragraphs (a) through (i) below (hereinafter collectively referred to as the "Property"):

(a) All estate, right, title and interest of Trustor in, to, under or derived from those certain lots, pieces, tracts or parcels of land located in the County of Alameda, California, and more particularly described on Exhibit A attached hereto (the "Site"), including, all estate, right, title and interest of Trustor in, to, under or derived from that certain Site Lease dated as of October 1, 2012 the ("Site Lease"), by and between Montevina Phase I, LLC, a Delaware limited liability company, and the California School Finance Authority (the "Authority"), as assigned by the Authority, as assignor, to the Beneficiary, as assignee, pursuant to that certain Assignment Agreement, dated as of October 1, 2012 (the "Assignment Agreement") and all estate, right, title and interest of Trustor in, to, under or derived from that certain Sublease dated as of October 1, 2012 the ("Sublease"), by and between the Authority and Trustor, as assigned by the Authority, as assignor, to the Beneficiary, as assignee, pursuant to the

OBLIGATIONS SECURED

Trustor makes the foregoing grant for the purpose of securing:

1. Payment to Beneficiary of all indebtedness evidenced by and arising under the Loan Agreement dated as of October 1, 2012 (as the same may be amended from time to time, the "Loan Agreement"), between Borrower and the Authority, as assigned to Beneficiary pursuant to the Indenture, and any modifications, extensions or renewals thereof (including, without limitation, (i) modifications of the required principal and/or interest payment dates, deferring or accelerating said payment dates in whole or in part, and/or (ii) modifications, extensions, renewals or reborrowings at a different rate of interest or interest periods agreed upon, in writing, by Borrower);

2. Payment to Beneficiary of all rent obligations evidenced by and arising under the that certain Sublease dated as of October 1, 2012 the ("Sublease"), by and between the Authority and Borrower, as assigned by the Authority, as assignor, to the Beneficiary, as assignee, pursuant to the Assignment Agreement dated as of October 1, 2012 (the "Assignment Agreement"), and any modifications, extensions or renewals thereof (including, without limitation, (i) modifications of the required principal and/or interest payment dates, deferring or accelerating said payment dates in whole or in part, and/or (ii) modifications, extensions, renewals or reborrowings at a different rate of interest or interest periods agreed upon, in writing, by Borrower);

3. Observance and performance by Borrower of each covenant and obligation on the part of Borrower to be observed or performed pursuant to the Loan Agreement and Indenture;

4. Payments of the principal and interest of any bonds issued from time to time under the Indenture.

5. Observance and performance by Borrower of each covenant and obligation on the part of Borrower to be observed pursuant to (i) that certain Site Lease dated as of October 1, 2012 the ("Site Lease" and together with the Indenture, the Loan Agreement, the Sublease and the Assignment Agreement, the "Financing Documents"), by and between Trustor and the Authority, as assigned by the Authority, as assignor, to the Beneficiary, as assignee, pursuant to the Assignment Agreement, and (ii) the Sublease;

6. Payment of such further sums and/or performance of such further obligations as the then record owner of the Property may undertake to pay and/or perform (whether as principal, surety or guarantor), for the benefit of Beneficiary, its successors or assigns, when said borrowing and/or obligation is evidenced by a writing or writings signed by such owner reciting that it or they are so secured; and

7. The observance and performance of each covenant and obligation of Trustor herein contained or incorporated herein by reference and payment of each fee, cost and expense by Trustor as herein set forth.

marshalled and further waives any right otherwise available in respect to marshalling of assets which secure any obligation secured or imposed hereby or to require Beneficiary to pursue its remedies against any such assets.

C. SECURITY AGREEMENT AND FIXTURE FILING.

1. Grant of Security Interest. As additional security for the obligations secured by this Deed of Trust, Trustor hereby grants to Beneficiary a security interest in and to the following items (collectively, the "Collateral"). Trustor is sometimes referred to herein as "Debtor" and Beneficiary is sometimes referred to herein as "Secured Party."

(a) All goods, fixtures and other equipment of every kind in which Debtor now or at any time hereafter owns or acquires any interest in connection with the Property, including, without limitation, all tools, equipment, appliances, heating, ventilating and air conditioning systems, plumbing, mechanical and electrical systems, elevators, lighting, alarm systems, fire control systems, carpets and carpeting, furnishings, furniture, trailers, mobile homes, service equipment, building or maintenance equipment, together with all additions and accessions thereto and replacements therefor, whether located at the Property, Debtor's places of business or elsewhere;

(b) All inventory, raw materials, work in process, finished goods, and tangible assets used or consumed in connection with the Property in which Debtor now or at any time hereafter owns or acquires any interest, and all products thereof, whether in the possession of Debtor, warehousemen, bailees or any other person and to the extent now or hereafter located at the Property, together with all additions and accessions thereto, replacements therefor, products thereof and documents therefor;

(c) All accounts, chattel paper (including both electronic and tangible chattel paper), instruments, deposit accounts and other rights to the payment of money (including, without limitation, general intangibles) (collectively, the "Receivables") and all contracts, security agreements, leases, guaranties, letters of credit, and other agreements evidencing, securing or otherwise relating to the Receivables in which Debtor now or at any time hereafter has any interest in connection with the Property or Collateral;

(d) All general intangibles (including, without limitation, (i) customer and supplier lists and contracts, books and records, insurance policies, tax refunds, contracts for the purchase of real or personal property; (ii) all patents, copyrights, trademarks, tradenames and service marks, licenses to use, applications for, and other rights to, such patents, copyrights, trademarks, tradenames and service marks, and all software, and (iii) all payment intangibles), in which Debtor now or at any time hereafter has an interest related to the Property or the use, operation or maintenance of the Property or any part thereof;

(e) All contract rights of Debtor in leases, warranties, letters of credit, construction contracts, permits, licenses, approvals, governmental authorizations, consulting contracts, bonds, plans and specifications, architectural and engineering drawings, fire insurance policies and other insurance policies, condemnation awards and settlements, in which Debtor now or at any time hereafter has an interest related to the Property or the use, operation or maintenance of the Property or any part thereof;

(f) All profits, payments or proceeds of and from any and all agreements for the sale, lease, transfer or conveyance of all or any portion of the Property, subject to the rights of Debtor to collect and retain the same so long as no Event of Default shall have occurred and is continuing; and

(g) Any and all products, accessions, additions, substitutions, replacements or proceeds of or to any of the Collateral which may now or hereafter exist, and any and all rent or income derived from any and all of the Collateral, subject to the rights of Debtor to collect and retain the same so long as no Event of Default shall have occurred and be continuing.

2. Remedies. Upon an Event of Default, Beneficiary is and shall be entitled to all the rights, powers and remedies granted a secured party under the California Uniform Commercial Code and other applicable law, including, but not limited to, the right to take possession of all such Collateral. Upon an Event of Default, Beneficiary or its representatives may enter upon the Property (without Beneficiary being deemed to be taking possession of the Property or being deemed a mortgagee-in-possession) at any time to inspect, repair, assemble, have appraised or to remove the Collateral and may advertise and conduct public auctions and private sales thereon. Beneficiary may require Trustor to assemble the Collateral and make it available to Beneficiary at a place to be designated by Beneficiary which is reasonably convenient to both parties. In addition to the expenses of retaking, holding, preparing for sale, selling and otherwise exercising its remedies hereunder, Beneficiary shall be entitled to recover reasonable attorneys' fees and legal expenses before applying the balance of the proceeds from the sale or other disposition of the Collateral towards satisfaction of the obligations secured hereby. Trustor shall remain liable for any deficiency remaining after such sale or other disposition.

With respect to fixtures, Beneficiary or Trustee may elect to treat same as either real property or personal property and proceed to exercise such rights and remedies applicable to the categorization so chosen. Beneficiary may proceed against the items of real property and any items of Collateral separately or together in any order whatsoever, without in any way affecting or waiving Beneficiary's rights and remedies under the California Uniform Commercial Code or its rights and remedies provided under this Deed of Trust.

3. Fixture Filing. Trustor agrees that this Deed of Trust constitutes a financing statement filed as a fixture filing in the Official Records of the County Recorder where the Property is located with respect to any and all fixtures included within the term "Property" as used herein and with respect to any goods and other personal property that may now be or hereafter become fixtures. The names and mailing addresses of the Debtor (Trustor) and the Secured Party (Beneficiary) are set forth below in Section D.13 of this Deed of Trust. The record fee owner of the Property is Montevina Phase I, LLC, a Delaware limited liability company. The personal property described above is the Collateral covered by this financing statement. Any reproduction of this Deed of Trust or of any other security agreement or financing statement shall be sufficient as a financing statement. In addition, Trustor agrees to deliver to Beneficiary, upon Beneficiary's request, any financing statements, as well as extensions, renewals, and amendments thereof, and reproductions of this Deed of Trust in such form as Beneficiary may require to

EXHIBIT 2

RECORDING REQUESTED BY
AND WHEN RECORDED, RETURN TO:

Orrick, Herrington & Sutcliffe LLP
405 Howard Street
San Francisco, CA 94105

Attn: Eugene H. Clark-Herrera, Esq.

2012327825 10/04/2012 02:14 PM
OFFICIAL RECORDS OF ALAMEDA COUNTY
PATRICK O'CONNELL
RECORDING FEE: 120.00

25 PGS

COUNTY OF ALAMEDA

DEED OF TRUST
WITH ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FIXTURE FILING

THIS DEED OF TRUST WITH ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FIXTURE FILING (this "Deed of Trust"), dated as of October 1, 2012, and effective as of October 4, 2012, is made by Livermore Valley Charter School and Livermore Valley Charter Preparatory High School, both operated as Tri-Valley Learning Corporation (the "Borrower"), a nonprofit public benefit corporation duly organized and existing under the laws of the State of California, as trustor ("Trustor"), to Chicago Title Company, as trustee ("Trustee"), for the benefit of The Bank of New York Mellon Trust Company, N.A., a national banking association (the "Bond Trustee") and the holder or issuers from time to time of Bonds (as such terms are defined in the Indenture hereinafter mentioned) (collectively with the Bond Trustee, the "Beneficiary"). All capitalized terms not otherwise defined herein shall have the meanings set forth in that certain Indenture dated as of even date herewith (the "Indenture") between the California School Finance Authority (the "Authority") and Bond Trustee.

GRANT IN TRUST

Trustor hereby grants and assigns to Trustee, in trust, with power of sale and right of entry and possession, all of Trustor's right, title and interest now owned in that certain real property located in the County of Alameda, State of California, as described on Exhibit A attached hereto and by this reference incorporated herein (the "Site"), together with all of the Trustor's right, title and interest, whether now owned or hereafter acquired, in or to the property and rights listed in paragraph (a) through (h) below (hereinafter collectively referred to as the "Property"):

(a) All buildings, structures, fixtures, additions, enlargements, extensions, modifications, repairs, replacements and improvements now or hereafter located on the Site (hereinafter referred to as the "Improvements"); and to the extent permitted by law, the name or names, if any, as may now or hereafter be used for each Improvement;

(b) All easements, rights-of-way, strips and gores of land, streets, ways, alleys, passages, sewer rights, water, water courses, water rights and powers, air rights and

Rents and profits of the Property is intended to be an absolute assignment from Trustor to Beneficiary and not merely the passing of a security interest. Beneficiary is hereby authorized to collect and receive the foregoing Rents to give proper receipts and acquittances therefor and to apply the same to the payment of the obligations secured hereby. However, Beneficiary hereby grants Trustor a revocable license to collect and receive, and to use in accordance with the provisions of the Indenture, such Rents until after an Event of Default (as that term is defined herein in Paragraph B, Default Provisions) has occurred and while such Event of Default is continuing. Upon an Event of Default, the license shall be automatically revoked, and without the necessity of Beneficiary entering upon and taking and maintaining full control of the Property in person, by agent or by a court appointed receiver, Beneficiary shall immediately be entitled to possession of all Rents of the Property as the same shall become due and payable, including, but not limited to, Rents then due and unpaid. All such Rents thereafter collected by Trustor shall be held by Trustor as trustee in a constructive trust for the benefit of Beneficiary only. Trustor agrees that commencing upon delivery of such written notice of revocation of license, each tenant of the Property shall make such Rents payable to and pay such Rents to Beneficiary or Beneficiary's agents on Beneficiary's written demand to each tenant, without any liability on the part of said tenant to inquire further as to the existence of a default or license by Trustor.

OBLIGATIONS SECURED

Trustor makes the foregoing grant for the purpose of securing:

1. Payment to Beneficiary of all indebtedness evidenced by and arising under the Loan Agreement dated as of October 1, 2012 (as the same may be amended from time to time, the "Loan Agreement"), between Borrower and the Authority, as assigned to Beneficiary pursuant to the Indenture, and any modifications, extensions or renewals thereof (including, without limitation, (i) modifications of the required principal and/or interest payment dates, deferring or accelerating said payment dates in whole or in part, and/or (ii) modifications, extensions, renewals or reborrowings at a different rate of interest or interest periods agreed upon, in writing, by Borrower);

2. Payment to Beneficiary of all rent obligations evidenced by and arising under the that certain Sublease dated as of October 1, 2012 the ("Sublease"), by and between the Authority and Borrower, as assigned by the Authority, as assignor, to the Beneficiary, as assignee, pursuant to the Assignment Agreement dated as of October 1, 2012 (the "Assignment Agreement"), and any modifications, extensions or renewals thereof (including, without limitation, (i) modifications of the required principal and/or interest payment dates, deferring or accelerating said payment dates in whole or in part, and/or (ii) modifications, extensions, renewals or reborrowings at a different rate of interest or interest periods agreed upon, in writing, by Borrower);

3. Observance and performance by Borrower of each covenant and obligation on the part of Borrower to be observed or performed pursuant to the Loan Agreement and Indenture;

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4. Payments of the principal and interest of any bonds issued from time to time under the Indenture.

5. Observance and performance by Borrower of each covenant and obligation on the part of Borrower to be observed pursuant to (i) that certain Site Lease dated as of October 1, 2012 the ("Site Lease" and together with the Indenture, the Loan Agreement, the Sublease and the Assignment Agreement, the "Financing Documents"), by and between Trustor and the Authority, as assigned by the Authority, as assignor, to the Beneficiary, as assignee, pursuant to the Assignment Agreement, and (ii) the Sublease;

6. Payment of such further sums and/or performance of such further obligations as the then record owner of the Property may undertake to pay and/or perform (whether as principal, surety or guarantor), for the benefit of Beneficiary, its successors or assigns, when said borrowing and/or obligation is evidenced by a writing or writings signed by such owner reciting that it or they are so secured; and

7. The observance and performance of each covenant and obligation of Trustor herein contained or incorporated herein by reference and payment of each fee, cost and expense by Trustor as herein set forth.

TO PROTECT THE SECURITY OF THIS DEED OF TRUST, THE PARTIES AGREE AS FOLLOWS:

A. RIGHTS AND DUTIES OF THE PARTIES.

1. Title. Trustor warrants that it lawfully holds and possesses the real property as shown in Exhibit A, in fee simple, free and clear of all liens, encumbrances and other exceptions, other than the Permitted Encumbrances, and without limitation on the right to encumber except as set forth in the Loan Agreement. For purposes of this Deed of Trust, "Permitted Encumbrances" shall exclude the Original Mortgage and the Leasehold Deed of Trust.

2. Taxes and Assessments. Trustor shall pay or cause to be paid prior to delinquency all taxes, assessments, levies and charges imposed by any public or quasi-public authority or utility company which are or may become a lien upon the Property, any part thereof or interest therein (unless contested in good faith by Trustor). Trustor shall also pay, after notice and prior to delinquency, all taxes, assessments, levies and charges imposed by any public authority upon Beneficiary by reason of its interest in the Property created hereby or by reason of any payment, or portion thereof, made to Beneficiary hereunder or pursuant to any obligation hereby secured; provided, however, that Trustor shall have no obligation to pay or discharge Beneficiary's business or franchise taxes, federal or state income taxes or other taxes and which are measured by and imposed upon Beneficiary's net or gross income or receipts.

3. Insurance. Trustor shall provide all insurance specified in the Financing Documents.

4. Liens and Encumbrances. Except as permitted by the Financing Documents, Trustor shall pay, when due at or prior to maturity or such other period as permitted

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Agreement (the "Default Rate"), from the date of expenditure until said sums have been paid. Beneficiary shall be entitled to bid, at the sale of the Property held pursuant to subparagraph (e) above, the amount of said costs, expenses and interest in addition to the amount of the other obligations hereby secured as a credit bid, the equivalent of cash.

4. Remedies Cumulative. All rights and remedies of Beneficiary and Trustee hereunder are cumulative and in addition to all rights and remedies provided by law.

5. Releases, Extensions, Modifications and Additional Security. Without affecting the liability of any person for payment of any indebtedness secured hereby, or the lien or priority of this Deed of Trust upon the Property, Beneficiary may, from time to time, with or without notice, do one or more of the following as otherwise permitted under the Financing Documents: release any person's liability for the payment of any indebtedness secured hereby, make any agreement or take any action extending the maturity or otherwise altering the terms or increasing the amount of any indebtedness secured hereby, and accept additional security or release all or a portion of the Property and/or other security held to secure the indebtedness secured hereby.

6. Marshalling. Trustor hereby waives any right to require that any security given hereunder or under any other agreement securing the obligations secured hereby be marshalled and further waives any right otherwise available in respect to marshalling of assets which secure any obligation secured or imposed hereby or to require Beneficiary to pursue its remedies against any such assets.

C. SECURITY AGREEMENT AND FIXTURE FILING.

1. Grant of Security Interest. As additional security for the obligations secured by this Deed of Trust, Trustor hereby grants to Beneficiary a security interest in and to the following items (collectively, the "Collateral"). Trustor is sometimes referred to herein as "Debtor" and Beneficiary is sometimes referred to herein as "Secured Party".

(a) All goods, fixtures and other equipment of every kind in which Debtor now or at any time hereafter owns or acquires any interest in connection with the Property, including, without limitation, all tools, equipment, appliances, heating, ventilating and air conditioning systems, plumbing, mechanical and electrical systems, elevators, lighting, alarm systems, fire control systems, carpets and carpeting, furnishings, furniture, trailers, mobile homes, service equipment, building or maintenance equipment, and all additions and accessions thereto, whether located at the Property, Debtor's places of business or elsewhere;

(b) All inventory and tangible assets used or consumed in connection with the Property in which Debtor now or at any time hereafter owns or acquires any interest, and all products thereof, whether in the possession of Debtor, warehousemen, bailees or any other person and to the extent now or hereafter located at the Property;

(c) All goods and property covered by any warehouse receipts, bills of lading and other documents evidencing any goods or other tangible personal property of any kind in which Debtor now or at any time hereafter has any interest in connection with the Property or Collateral;

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(d) All goods and other tangible personal property of every kind, character or nature in which Debtor now has or at any time hereafter shall have any interest, located on or used in the operation, use, maintenance, development or construction of or otherwise in connection with the Property or Collateral, including, without limitation, any equipment, inventory and other goods and assets which are now or hereafter acquired with loan proceeds or acquired pursuant to or in connection with any lease or other contract pertaining to any use of the Property;

(e) All general intangibles, accounts, agreements, contracts, documents and leases of any kind or nature in which Debtor now or at any time hereafter has an interest related to the Property or the use, operation or maintenance of the Property or any part thereof, and all amendments, supplements, substitutions and renewals thereof, including without limitation all contract rights of Debtor in leases, warranties, letters of credit, construction contracts, permits, licenses, approvals, governmental authorizations, consulting contracts, bonds, plans and specifications, architectural and engineering drawings, fire insurance policies and other insurance policies, condemnation awards and settlements, copyrights, trademarks, trade names, goodwill, and accounts receivable;

(f) All profits, payments or proceeds of and from any and all agreements for the sale, lease, transfer or conveyance of all or any portion of the Property, subject to the rights of Debtor to collect and retain the same so long as no Event of Default shall have occurred and is continuing; and

(g) Any and all products, accessions, additions, substitutions, replacements or proceeds of or to any of the Collateral which may now or hereafter exist, and any and all rent or income derived from any or all of the Collateral, subject to the rights of Debtor to collect and retain the same so long as no Event of Default shall have occurred and is continuing.

2. Remedies. Upon an Event of Default, Beneficiary is and shall be entitled to all the rights, powers and remedies granted a secured party under the California Uniform Commercial Code and other applicable law, including, but not limited to, the right to take possession of all such Collateral. Beneficiary or its representatives may enter upon the Property (without Beneficiary being deemed to be taking possession of the Property or being deemed a mortgagee-in-possession) at any time to inspect, repair, assemble, have appraised or to remove the Collateral and may advertise and conduct public auctions and private sales thereon. Beneficiary may require Trustor to assemble the Collateral and make it available to Beneficiary at a place to be designated by Beneficiary which is reasonably convenient to both parties. In addition to the expenses of retaking, holding, preparing for sale, selling and otherwise exercising its remedies hereunder, Beneficiary shall be entitled to recover reasonable attorneys' fees and legal expenses before applying the balance of the proceeds from the sale or other disposition of the Collateral towards satisfaction of the obligations secured hereby. Trustor shall remain liable for any deficiency remaining after such sale or other disposition.

With respect to fixtures, Beneficiary or Trustee may elect to treat same as either real property or personal property and proceed to exercise such rights and remedies applicable to the categorization so chosen. Beneficiary may proceed against the items of real property and any items of Collateral separately or together in any order whatsoever, without in any way affecting

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