

RESOLUTION NO. 10-37

RESOLUTION OF THE CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK AUTHORIZING THE SALE AND ISSUANCE OF NOT TO EXCEED \$24,000,000 CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK REFUNDING REVENUE BONDS (SAGE HILL SCHOOL PROJECT) SERIES 2010 TO REFUND ITS \$19,500,000 VARIABLE RATE DEMAND REVENUE BONDS (SAGE HILL SCHOOL PROJECT) SERIES 2008 ISSUED TO PROVIDE FINANCIAL ASSISTANCE FOR THE DEVELOPMENT OF CERTAIN ECONOMIC DEVELOPMENT FACILITIES FOR THE BENEFIT OF SAGE HILL SCHOOL AND TO MAKE PROVISIONS FOR CERTAIN COSTS OF THE PROJECT WHICH MAY INCLUDE WORKING CAPITAL FOR THE BENEFIT OF THE SCHOOL, PROVIDING THE TERMS AND CONDITIONS OF THE SALE AND ISSUANCE OF SAID BONDS AND OTHER MATTERS RELATING THERETO, AND AUTHORIZING THE EXECUTION OF CERTAIN DOCUMENTS HEREIN SPECIFIED

WHEREAS, the California Infrastructure and Economic Development Bank (the “Bank”) was established pursuant to the Bergeson-Peace Infrastructure and Economic Development Bank Act (California Government Code Section 63000 and following) (the “Act”), for the purpose of promoting economic development; and

WHEREAS, the Bank is authorized to issue tax-exempt revenue bonds to provide financing for economic development facilities (as defined in the Act) located in the State of California (the “State”); and

WHEREAS, Sage Hill School, a nonprofit public benefit corporation organized and existing under the laws of the State of California (the “Borrower”) has submitted an application to the Bank for assistance in refunding the Bank’s Variable Rate Demand Revenue Bonds (Sage Hill School Project) Series 2008 (the “2008 Bonds”) issued to pay for the acquisition, construction, installation, furnishing and/or equipping of certain educational facilities, including a performing arts center and related infrastructure improvements in the community of Newport Coast located in the City of Newport Beach, California (the “2008 Project”), reimbursing certain costs of the 2008 Project not financed or refinanced with the 2008 Bonds, and paying certain costs of the 2008 Project, including termination fees of certain swap agreements related to the 2008 Bonds and/or working capital (collectively with the 2008 Project, the “Project”) and pay costs of issuance of the bonds authorized hereunder.

WHEREAS, the Borrower has represented that it intends to use the facilities financed or refinanced with proceeds of the 2008 Bonds and the bonds authorized hereunder (the “Facilities”) as educational facilities, and any working capital provided for the purpose of operating its educational facilities, which operation is consistent with the definition of an economic development facility in the Act and that the Facilities will be consistent with any existing local or regional comprehensive plan; and

WHEREAS, for these purposes, the Borrower has requested the Bank to (a) authorize the issuance of tax-exempt obligations in an aggregate principal amount not to exceed \$24,000,000 entitled California Infrastructure and Economic Development Bank Refunding Revenue Bonds (Sage Hill School Project) Series 2010 (the “Bonds), (b) provide for the sale of the Bonds, (c) provide for the loan of proceeds of the sale of the Bonds to the Borrower to refinance certain costs of the Project through the refunding of the 2008 Bonds and financing and refinancing certain other costs of the Project and related costs, (d) provide for the payment of the principal of, premium, if any, and interest on the Bonds with revenues derived from the Borrower’s repayment of that loan, and (e) take and authorize certain other actions in connection with the foregoing; and

**WHEREAS**, because the Bonds will be sold directly to First Republic Bank (the “Purchaser”) and held by the Purchaser for its own account, the transaction will not be rated by any rating agency; and

**WHEREAS**, consistent with the Bank’s policies, the Borrower has represented that (a) the Purchaser will certify that it is a “qualified institutional buyer” within the meaning of Rule 144A promulgated under the Securities Act of 1933, as amended (a “qualified institutional buyer”); (b) the Purchaser will enter into a private placement agreement with “sophisticated investor” representations acceptable to the Issuer; (c) the Bonds will be subject to resale limitations that limit the transfer or sale of the Bonds by the Purchaser to other qualified institutional buyers.

WHEREAS, the Bank may not issue the Bonds to assist in refinancing the Project until the Board of Directors of the Bank makes certain determinations relating to the Project as required by the Act; and

WHEREAS, there is now on file with the Secretary of the Board (“Secretary”) the following:

(a) a proposed form of a loan agreement to be entered into by and between the Bank and the Borrower providing for the loan of the proceeds of the Bonds to the Borrower;

(b) a proposed form of an indenture to be entered into between the Bank and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”), providing for the authorization and issuance of the Bonds to be dated the date of delivery thereof;

(c) a proposed form of a private placement agreement to be entered into by and among the Bank, the Treasurer of the State and the Purchaser, and approved by the Borrower, providing for the sale of the Bonds; and

(d) a proposed form of a tax agreement between the Bank and the Borrower, concerning the exclusion of interest on the Bonds from gross income for federal income tax purposes.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the California Infrastructure and Economic Development Bank as follows:

Section 1. The above recitals are true and correct.

Section 2. Pursuant to Sections 63046 and 63047 of the Act, and based upon the representations of the Borrower, the Board of Directors of the Bank hereby finds and determines as follows:

- a. The Project is within the State.
- b. The Borrower is capable of meeting its payment obligations under the loan agreement as approved by this resolution, which finding is based in particular on the Borrower's ability to satisfy the requirements imposed by the Purchaser.
- c. The Borrower is capable of meeting the obligations other than payment obligations incurred by the Borrower under the agreements approved by this resolution.
- d. The payments to be made by the Borrower to the Bank under the loan agreement as approved by this resolution are adequate to pay the current expenses of the Bank in connection with the financing and to make all the payments on the Bonds.
- e. The proposed refinancing is appropriate for the Project.
- f. The Facilities are consistent with any existing local or regional comprehensive plan.

Section 3. Based on the information provided and representations made by the Borrower, the Board hereby finds and determines that the Project demonstrates clear public benefits to the community in which the Facilities are located by reducing the Borrower's financing costs which in turn will permit the Borrower to continue to provide educational and artistic enrichment and reimbursing costs of the School's creative studies facility used to provide educational and artistic enrichment to the students within the community.

Section 4. The Bank authorizes and approves the loan of the proceeds of the Bonds to the Borrower in order to refinance and finance the costs of the Project pursuant to the terms and provisions of a loan agreement as approved by this resolution. The proposed form of loan agreement on file with the Secretary of the Board (the "Secretary") is hereby approved, and the Executive Director of the Bank (the "Executive Director"), the Chair of the Board, or the Chair's designee, each acting alone, is hereby authorized and directed, for and on behalf and in the name of the Bank, to execute and deliver a loan agreement to the Borrower in substantially said form, with such insertions and changes therein as may be necessary or appropriate to cause the same to carry out the intent of this resolution and as the officer or official executing the same, with the advice of the Bank's counsel, may require or approve, such requirement or approval to be conclusively evidenced by the execution and delivery thereof (as so executed, the "Loan Agreement"). The Secretary is authorized to attest to the Bank's execution of the Loan Agreement.

Section 5. The proposed form of indenture on file with the Secretary is hereby approved, and the Executive Director, the Chair of the Board, or the Chair's designee, each acting alone, is hereby authorized and directed, for and on behalf and in the name of the Bank, to

execute, acknowledge and deliver an indenture to the Trustee in substantially said form, with such insertions and changes therein as may be necessary or appropriate to cause the same to carry out the intent of this resolution and as the officer or official executing the same, with the advice of the Bank's counsel, may require or approve, such requirement or approval to be conclusively evidenced by the execution and delivery thereof (as so executed, the "Indenture"). The Indenture shall limit the transfer or sale of the Bonds by the Purchaser to other subsequent purchasers to qualified institutional buyers. The Secretary is authorized to attest to the Bank's execution of the Indenture.

Section 6. The proposed form of private placement agreement on file with the Secretary is hereby approved, and the Executive Director, the Chair of the Board, or the Chair's designee, each acting alone, is hereby authorized and directed, for and on behalf and in the name of the Bank, to execute and deliver to the Purchaser and the Treasurer of the State a bond purchase contract in substantially said form, with such insertions and changes therein as may be necessary or appropriate to cause the same to carry out the intent of this resolution and as the officer or official executing the same, with the advice of the Bank's counsel, may require or approve, such requirement or approval to be conclusively evidenced by the execution and delivery thereof. Such private placement agreement shall contain a certification by the Purchaser that it is a "qualified institutional buyer" within the meaning of Rule 144A promulgated under the Securities Act of 1933, as amended and such other "sophisticated investor" representations as are acceptable to the Bank's counsel and shall limit the transfer or sale of the Bonds by the Purchaser to other subsequent purchasers to qualified institutional buyers. The Treasurer, as agent for sale of the Bank's bonds, is hereby requested to sell the Bonds at negotiated sale, at such prices and at such initial interest rates as he may determine in accordance with the Indenture. Notwithstanding Section 63074(d) of the Act to the contrary, the private sale of the Bonds may take place at any time within one hundred eighty (180) days of the adoption of this resolution or at such later date approved by the Executive Director which is not later than the date three hundred sixty (360) days after of the adoption of this resolution.

Section 7. The proposed form of tax agreement on file with the Secretary is hereby approved and the Executive Director, the Chair of the Board or the Chair's designee, each acting alone, is hereby authorized and directed, for and in the name and on behalf of the Bank, to execute and deliver to the Borrower and bond counsel to the Bank a tax agreement in substantially said form, with such changes and insertions therein as may be necessary to cause the same to carry out the intent of this resolution and as the officer or official executing the same, with the advice of the Bank's counsel and bond counsel, may require or approve, such requirement or approval to be conclusively evidenced by the execution and delivery thereof.

Section 8. The Bank approves the issuance on a tax-exempt basis of not to exceed \$24,000,000 aggregate principal amount of the Bonds for the refinancing of the Project in accordance with this resolution and the terms of and to be secured by the Indenture. Payment of the principal of, premium, if any, and the interest on, the Bonds shall be made solely from the revenues to be received by the Bank pursuant to the Loan Agreement and the Indenture. The Bonds shall not be deemed to constitute a debt or liability of the State or the Bank except as to the Bank to the limited extent provided in the Indenture. Neither the full faith and credit of the State or the Bank, nor the taxing power of the State is pledged to the payment of the principal, or premium, if any, or interest on, the Bonds. The Bonds shall be dated the date of their issuance

and shall be paid in lawful money of the United States at the time or times and place or places provided in the Indenture. The Bonds shall be in the form provided in the Indenture, mature on the date or dates provided in the Indenture which shall be not later than 30 years from the date of issuance thereof, be subject to redemption as provided in the Indenture, shall carry the registration privileges provided in the Indenture and shall bear interest at a fixed rate, which rate shall not exceed the lesser of twelve percent (12%) per annum or the maximum rate of interest on the Bonds permitted by the laws of the State. As provided in the Indenture, the Bonds shall be in denominations of \$500,000 or any larger denomination consisting of an integral multiple of \$5,000 during any time the Bonds are held by the Purchaser or other qualified institutional buyer pursuant to private placement.

Section 9. The Executive Director, the Chair of the Board, or the Chair's designee, each acting alone, is hereby authorized and directed, for and in the name and on behalf of the Bank, to execute, by manual or facsimile signature, the Bonds in an aggregate principal amount not to exceed the amount authorized hereunder in accordance with the terms of this resolution and the Indenture and in the form set forth in the Indenture.

Section 10. The Bonds, when executed as provided in this resolution, shall be delivered to the Trustee for authentication by the Trustee pursuant to the Indenture. The Trustee is hereby requested and directed to authenticate the Bonds by executing the Trustee's certificate of authentication appearing thereon. The Trustee is hereby requested and directed to deliver the Bonds, when duly executed and authenticated, to the Purchaser as one bond, or may, on the request of the Purchaser, deliver the Bonds to The Depository Trust Company, New York, New York or its agent (the "Depository") on behalf of the Purchaser in accordance with written instructions executed on behalf of the Bank by the Executive Director, the Chair of the Board, or the Chair's designee, which instructions each signatory, acting singly, is hereby authorized and directed, for and on behalf and in the name of the Bank, to execute and to deliver to the Trustee. Such instructions shall provide for the delivery of the Bonds to the Purchaser, upon payment of the purchase price therefor.

Section 11. The Executive Director, the Chair of the Board or the Chair's designee, each acting alone, is hereby authorized to execute and deliver any and all certificates and instruments (including without limitation letters of representations and certifications of authority and tax forms required by the Internal Revenue Service in connection with the issuance of the Bonds) which they or counsel to the Bank may deem necessary or advisable to consummate the issuance, sale and delivery of the Bonds and otherwise to effectuate the purpose of this resolution.

Section 12. All actions heretofore taken by the officers and employees of the Bank with respect to the approval, issuance and sale of the Bonds are hereby approved, confirmed and ratified. The officers of the Bank and their authorized designees, deputies, agents and counsel are hereby authorized and directed, jointly and severally, to perform their duties and to execute and deliver any and all certificates which they or counsel to the Bank may deem necessary or advisable in order to consummate the issuance, sale and delivery of the Bonds and otherwise to effectuate the purposes of this resolution.

Section 13. This resolution shall take effect immediately upon its passage.

PASSED, APPROVED, AND ADOPTED at a meeting of the California Infrastructure and Economic Development Bank on December 14, 2010 by the following vote:

AYES: Berte, Bryant, Lujano, Leonard

NOES: None

ABSENT: Rice

ABSTAIN: None

  
Stanton C. Hazelroth, Executive Director

Attest:



Roma Cristia-Plant,  
Secretary of the Board of Directors