

**RESOLUTION NO. 10-39**

**RESOLUTION OF THE CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK AUTHORIZING THE SALE AND ISSUANCE OF NOT TO EXCEED \$20,000,000 AGGREGATE PRINCIPAL AMOUNT OF CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK TAX-EXEMPT VARIABLE RATE DEMAND REVENUE BONDS (SADDLEBACK VALLEY CHRISTIAN SCHOOLS PROJECT), SERIES 2010A AND \$1,000,000 AGGREGATE PRINCIPAL AMOUNT OF TAXABLE VARIABLE RATE DEMAND REVENUE BONDS (SADDLEBACK VALLEY CHRISTIAN SCHOOLS PROJECT), SERIES 2010B, TO PROVIDE FINANCIAL ASSISTANCE FOR THE DEVELOPMENT OF CERTAIN ECONOMIC DEVELOPMENT FACILITIES FOR THE BENEFIT OF SADDLEBACK VALLEY CHRISTIAN, A NONPROFIT RELIGIOUS CORPORATION, PROVIDING THE TERMS AND CONDITIONS FOR 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 “Issuer”) was established pursuant to the Bergeson-Peace Infrastructure and Economic Development Bank Act (California Government Code Section 63000 et seq.) (the “Act”), for the purpose of promoting economic development; and

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

**WHEREAS**, Saddleback Valley Christian, a nonprofit religious corporation (the “Borrower”), has submitted an application to the Issuer for assistance in (a) refinancing the construction and general development of educational facilities, including a gymnasium and multi-purpose building, an academic building and playground area, and financing the construction and general development of educational facilities, including classroom and administrative offices, all located at 26333 Oso Road, San Juan Capistrano, California 92675 (the “Project”) and (b) the payment of certain financing costs and costs of issuance of the bonds authorized hereunder; and

**WHEREAS**, the Borrower has represented that it intends to use the facilities the construction and general development of which will be financed or refinanced with the Borrower loan funded through the issuance of the bonds authorized hereunder (the “Facilities”) to operate a private school, which is consistent with the definition of an economic development facility as set forth 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 Issuer to (a) authorize the issuance of obligations in two (2) series, entitled (i) California Infrastructure and Economic Development Bank Tax-Exempt Variable Rate Demand Revenue Bonds (Saddleback Valley Christian Schools Project), Series 2010A (the “Series 2010A Bonds”), in an aggregate principal amount not to exceed \$20,000,000, and (ii) California Infrastructure and Economic Development Bank Taxable Variable Rate Demand Revenue Bonds (Saddleback Valley Christian Schools Project), Series 2010B (the “Series 2010B Bonds” and, together with the Series 2010A Bonds, the “Bonds”), in an aggregate principal amount not to exceed \$1,000,000, (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 finance and refinance the costs of the Project; (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**, the Borrower has represented that it will obtain an irrevocable direct-pay letter of credit to be issued by East West Bank (the “Bank”) and an irrevocable confirming letter of credit from Federal Home Loan Bank of San Francisco (the “Confirming Bank”) for the benefit of the holders of the Bonds and the purpose of securing the Bonds (collectively, the “Credit Facility”), which will support an initial rating on the Bonds of AAA from Standard and Poor’s Ratings Services and which is expected to remain in effect for 3 years; in the event that the Credit Facility is not renewed at the end of this term, or a comparable substitute credit facility is provided by the Borrower in accordance with the hereinafter identified Loan Agreement, the Bonds will be held by Bank, converted to bear interest at a fixed rate and will be rated no lower than “A3” by Moody’s Investors Service, or “A-” by Standard and Poor’s or Fitch Ratings, Inc. or will be redeemed; and

**WHEREAS**, the Issuer may not issue the Bonds to finance or refinance the Project until the Board of Directors of the Issuer makes certain determinations relating to the Project as required by the Act; and

**WHEREAS**, there is now on file with the Secretary of the Issuer the following:

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

(b) a proposed form of an indenture of trust, to be entered into between the Issuer and U.S. Bank National Association (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 bond purchase contract, to be entered into by and among the Issuer, the Treasurer of the State and Gates Capital Corporation, as underwriter (the “Underwriter”), and approved by the Borrower providing for the sale of the Bonds;

(d) a proposed form of a limited offering memorandum to be used by the Underwriter in connection with the offering and sale of the Bonds; and

(e) a proposed form of tax certificate and no arbitrage certificate to be entered into by and between the Issuer and the Borrower, relating to the tax-exempt status of the interest on the Series 2010A Bonds.

**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 Issuer 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 Bank to the issuance of the Credit Facility.

(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 Issuer under the loan agreement as approved by this resolution are adequate to pay the current expenses of the Issuer in connection with the financing and to make all the payments on the Bonds.

(e) The proposed financing 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 evidence of a defined public benefit by providing additional educational resources within Borrower's community.

**Section 4.** The Issuer authorizes and approves the loan of the proceeds of the Bonds to the Borrower in order to finance 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 Issuer (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 Issuer, 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 Issuer'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 Issuer’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 Issuer, 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 Issuer’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 Secretary is authorized to attest to the Issuer’s execution of the Indenture.

**Section 6.** The proposed form of bond purchase contract 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 Issuer, to execute and deliver to the Underwriter 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 Issuer’s counsel, may require or approve, such requirement or approval to be conclusively evidenced by the execution and delivery thereof. At the request of the Borrower, the Underwriter is appointed as the underwriter and remarketing agent for the Bonds. The Treasurer, as agent for sale of the Issuer’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, such sale 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 of the adoption of this resolution.

**Section 7.** The proposed form of tax certificate and 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 an in the name and on behalf of the Issuer, to execute and deliver to the Borrower and bond counsel to the Issuer a tax certificate and 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 Issuer’s counsel, may require or approve, such requirement or approval to be conclusively evidenced by the execution and delivery thereof.

**Section 8.** The sections entitled “THE ISSUER” and “NO LITIGATION–The Issuer” in the proposed preliminary form of limited offering memorandum on file with the Secretary are hereby approved. The Executive Director, the Chair of the Issuer, or the Chair’s designee, each acting alone, is hereby authorized and directed, for and in the name and on behalf of the Issuer, to execute a certificate or certificates in a form or forms which, with the advice of the Issuer’s counsel, is or are acceptable to the officer or official executing the same, to the effect that such portions of the limited offering memorandum in either its preliminary or final 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 Issuer's counsel, may require or approve, are "deemed final" as of the date of each or any such certificate. The Underwriter is hereby authorized to distribute copies of a limited offering memorandum in preliminary form to the prospective purchasers of the Bonds and a limited offering memorandum in final form in connection with the sale of the Bonds.

**Section 9.** The Issuer approves the issuance on a tax-exempt basis of not to exceed \$20,000,000 aggregate principal amount of the Series 2010A Bonds and on a taxable basis of not to exceed \$1,000,000 aggregate principal amount of the Series 2010B Bonds for 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 Issuer pursuant to the Loan Agreement and the Indenture, and payment of the purchase price of the Bonds shall be payable solely from the proceeds of the remarketing of the Bonds and amounts made available therefore under the Indenture (including amounts made available therefore by draws upon the Credit Facility or a permitted substitute credit facility). The Bonds shall not be deemed to constitute a debt or liability of the State or the Issuer except as to the Issuer to the limited extent provided in the Indenture. Neither the full faith and credit of the State or the Issuer, nor the taxing power of the State is pledged to the payment of the principal or purchase price of, 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 and the denominations as provided in the Indenture, mature on the date or dates provided in the Indenture which shall be not later than thirty years from the date of issuance thereof, be subject to redemption or tender for purchase as provided in the Indenture, shall carry the registration privileges provided in the Indenture and shall bear interest at a variable rate or rates to be determined in accordance with the Indenture, which rates shall not to exceed the lesser of (a) twelve percent (12%) per annum for Bonds that are not held by the Bank or the provider of a permitted substitute credit facility ("Bank Bonds") or a rate per annum equal to the Standard Rate (as defined below) plus five percent (5%) for Bank Bonds held by the Bank or the provider of any substitute credit facility and (b) the maximum rate of interest on the Bonds permitted by the laws of the State. Standard Rate means a rate of interest per annum equal to the greater of (a) the sum of the prime rate established by the Bank, plus two percent (2%) or (b) seven percent (7.0%).

**Section 10.** 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 Issuer, 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 11.** 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 Depository Trust Company, New York, New York or its agent (the "Depository") on behalf of the purchasers thereof in accordance with written instructions executed on behalf of the Issuer 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 Issuer, to execute and to deliver to the Trustee. Such instructions shall provide for the delivery of the Bonds to the Depository, on behalf of the purchasers thereof, upon payment of the purchase price therefor.

**Section 12.** The Executive Director, the Chair of the Board or the Chair's designee, each acting alone, is hereby authorized, for and on behalf of and in the name of the Issuer, 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 Issuer's counsel 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 13.** All actions heretofore taken by the officers and employees of the Issuer with respect to the approval, issuance and sale of the Bonds are hereby approved, confirmed and ratified. The officers of the Issuer 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 Issuer 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 14.** This resolution shall take effect from and after 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

By   
Stanton C. Hazelroth, Executive Director

Attest:

By   
Roma Cristia-Plant,  
Secretary of the Board of Directors