

**RESOLUTION NO. 10-40**

**RESOLUTION OF THE CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK AUTHORIZING THE SALE AND ISSUANCE OF NOT TO EXCEED \$9,880,000 AGGREGATE PRINCIPAL AMOUNT OF CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK VARIABLE RATE DEMAND REVENUE BONDS (VILLAGE SCHOOL, INC PROJECT), SERIES 2010 TO EFFECT THE RETIREMENT OF CITY OF LOS ANGELES ADJUSTABLE RATE CERTIFICATES OF PARTICIPATION (VILLAGE SCHOOL, INC.) 2004 SERIES A, ISSUED TO PROVIDE FINANCIAL ASSISTANCE FOR THE FINANCING AND REFINANCING OF CERTAIN ECONOMIC DEVELOPMENT FACILITIES FOR THE BENEFIT OF VILLAGE SCHOOL, INC, A CALIFORNIA NONPROFIT PUBLIC BENEFIT 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 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**, Village School, Inc., a California nonprofit public benefit corporation (the “Borrower”), has submitted an application to the Issuer for assistance in (a) effecting the retirement of the outstanding amount of the City of Los Angeles Adjustable Rate Certificates of Participation (Village School, Inc.) 2004 Series A (the “Series 2004 Certificates”), issued to (i) finance the cost of constructing and general development of certain facilities located at 15236 La Cruz Drive, in the community of Pacific Palisades located in the city of Los Angeles, California 90272, including an athletics and arts building and parking facilities (the “2004 La Cruz Drive Project”), (ii) refinance the costs of certain facilities located at 780 Swarthmore Avenue, in the community of Pacific Palisades located in the city of Los Angeles, California 90272, including a classroom building and parking facility (the “2004 Swarthmore Campus Project”, and together with the 2004 La Cruz Drive Project, the “2004 Project”) and (iii) pay certain costs of issuance with respect to the Series 2004 Certificates, (b) financing the cost of construction, remodeling and equipping of facilities located at the Swarthmore Campus, including a library, computer lab, offices and related facilities (the “2010 Project” and, collectively with the 2004 Project, the “Project”) and (c) the payment of certain costs of issuance of the bonds authorized hereunder; and

**WHEREAS**, the Borrower has represented that it intends to use the facilities that were constructed and developed with the proceeds of the Series 2004 Certificates and the facilities which

will be financed and refinanced through the issuance of the bonds authorized hereunder (collectively, the “Facilities”) to operate an independent elementary school, 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 Issuer to (a) authorize the issuance of its Variable Rate Demand Revenue Bonds (Village School, Inc. Project), Series 2010 (the “Bonds”), in an aggregate principal amount not to exceed \$9,880,000, (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 refinance certain costs of the Project through the retirement of all of the outstanding Series 2004 Certificates and to undertake the 2010 Project and pay the costs of issuing the Bonds; (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 U.S. Bank National Association (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 Issuer’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 (the “Securities Act”) (a “Qualified Institutional Buyer”); (b) the Purchaser will enter into a private purchase agreement with “sophisticated investors” 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 until such time as the Bonds are subsequently rated consistent with the Board’s current rating policy; 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 bond trust indenture, 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 purchase contract, to be entered into by and among the Issuer, the Treasurer of the State, the Purchaser and the Borrower providing for the sale of the Bonds;

(d) a proposed form of tax certificate to be entered into by and between the Issuer and the Borrower, relating to the tax-exempt status of the interest on the 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 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 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 and 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 evidence of a defined public benefit by reducing the Borrower's financing costs, which in turn will permit the Borrower to continue to provide educational resources within the community, and that the 2010 Project will enable the Borrower to provide 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 and refinance 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 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 bond trust 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 Indenture shall limit the transfer or sale of the Bonds by the Purchaser or other subsequent purchasers to Qualified Institutional Buyers until such time as the Bonds are rated consistent with the Board's current rating policy. The Secretary is authorized to attest to the Issuer's execution of the Indenture.

**Section 6.** The proposed form of 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 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 Issuer'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 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 until such time as the Bonds are rated consistent with the Board's current rating policy. 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 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 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 Issuer approves the issuance on a tax-exempt basis of not to exceed \$9,880,000 aggregate principal amount of the Bonds for the financing and 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 Issuer pursuant to the Loan Agreement and the Indenture

and payment of any purchase price of the Bonds upon remarketing 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 as a result of draws upon a credit facility provided to secure the Bond). 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 remarketing 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 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 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 until such time as the Bonds are rated consistent with the Board's current rating policy.

**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 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 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 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 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, 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 12.** 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 13.** 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  
Stanton C. Hazelroth, Executive Director

Attest:

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