RESOLUTION NO. 10-04

RESOLUTION OF THE CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK AUTHORIZING THE SALE AND ISSUANCE OF NOT TO EXCEED $15,000,000 CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK VARIABLE RATE DEMAND REVENUE BONDS (SRI INTERNATIONAL), SERIES 2010, TO PROVIDE FINANCIAL ASSISTANCE FOR THE DEVELOPMENT OF CERTAIN ECONOMIC DEVELOPMENT FACILITIES FOR THE BENEFIT OF SRI INTERNATIONAL, 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 "Issuer") 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 Issuer is authorized to issue tax-exempt revenue bonds to provide financing for economic development facilities (as such term is defined in the Act) located in the State of California (the "State"); and

WHEREAS, SRI International, a California nonprofit corporation (the "Corporation") has submitted an application to the Issuer for assistance in financing the acquisition, construction, improvement, restoration, and general development of certain research facilities of the Corporation, and facilities related and appurtenant thereto, all owned or to be owned and operated by and for the benefit of the Corporation and located or to be located on the Corporation's main campus, the address of which is 333 Ravenswood Avenue, Menlo Park, California 94025 (the "Project"); and

WHEREAS, proceeds of the financing will be applied to pay certain costs of the Project, including costs of issuance of the bonds proposed to be issued to finance the Project; and

WHEREAS, the Corporation has represented that it intends to use the facilities associated with the Project (the acquisition, construction, improvement, restoration, general development and financing of which are to be financed with the proceeds of the Bonds) to provide research facilities, which operation is consistent with the definition of an economic development facility in the Act and that the Project will be consistent with any existing local or regional comprehensive plan; and

WHEREAS, for these purposes, the Corporation has requested the Issuer to (a) authorize the issuance of obligations in one or more series, on a tax-exempt basis, bearing interest at a fixed rate or variable rate of interest, in an aggregate principal amount not to exceed $15,000,000 entitled California Infrastructure and Economic Development Bank Variable Rate Demand Revenue Bonds (SRI International), 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 Corporation to finance 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 Corporation's repayment of that loan, and (e) take and authorize certain other actions in connection with the foregoing; and

WHEREAS, the Corporation has represented that it will obtain an irrevocable direct pay letter of credit (the "Initial Credit Facility") issued by Wells Fargo Bank, National Association (the "Initial Credit Provider"), in order to support an initial rating on the Bonds of at least "A3" from Moody's Investors Service, or "A-" from Standard & Poor's or Fitch Ratings, and which will remain in effect until March 1, 2011 and be subject to annual reinstatement by the Corporation for the term of the Bonds unless a comparable substitute credit facility is provided by Corporation, the Bonds are held by the Initial Credit Provider or any permitted substitute credit facility provider, or the Bonds are converted to bear interest at a term rate or other fixed rate and are rated no lower than "A3" by Moody's Investors Service, or "A-" by Standard Poor's or Fitch Ratings; and

WHEREAS, the Issuer may not issue the Bonds to assist in financing the Project until the Board of Directors of the Issuer (the "Board") 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 between the Issuer and the Corporation providing for the loan of the proceeds of the Bonds to the Corporation;

(b) a proposed form of an indenture to be entered into between the Issuer and Union Bank, N.A., as trustee (the "Trustee"), providing for the authorization and issuance of the Bonds;

(c) a proposed form of a bond purchase contract to be entered into by and among the Issuer, the Treasurer of the State of California (the "Treasurer") and Prager, Sealy & Co., LLC (the "Underwriter"), and approved by the Corporation, providing for the sale of the Bonds;

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

(e) a proposed form of a tax certificate and agreement between the Issuer and the Corporation, 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 Corporation, the Board hereby finds and determines as follows:

(a) The Project is located in the State of California.

(b) The Corporation is capable of meeting its payment obligations under the loan agreement as approved by this resolution, which finding is based in particular on the Corporation's ability to satisfy the requirements imposed by the Initial Credit Provider to the issuance of the Initial Credit Facility.

(c) The Corporation is capable of meeting the other obligations incurred by the Corporation under the agreements approved by this resolution.

(d) The payments to be made by the Corporation 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 Project is consistent with any existing local or regional comprehensive plan.

Section 3. Based on the information provided and representations made by the Corporation, the Board hereby finds and determines that the Project demonstrates clear evidence of a defined public benefit in that completion of the Project will enable the Corporation to both ensure the safety of its workforce and maintain its state of the art facilities to conduct its research activities through seismic retrofitting and installing fire management systems in certain facilities; and help foster job growth and business development both directly and indirectly through maintaining and expanding the Corporation's ability to engage in research activities which frequently develop intellectual property valuable to business in California.

Section 4. The Board authorizes and approves the loan of the proceeds of the Bonds to the Corporation in order to finance costs of the Project pursuant to the terms and provisions of the loan agreement approved by this resolution. The proposed form of loan agreement on file with 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 of and in the name of the Issuer, to execute, acknowledge and deliver a loan agreement to the Corporation 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 approved, the "Loan Agreement"). The Secretary is authorized to attest to the 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 of 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 approved, the "Indenture"). The Secretary is authorized to attest to the 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 of and in the name of the Issuer, to execute and deliver to the Underwriter and the Treasurer 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 Corporation, the Underwriter is appointed as the underwriter. 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 interest rates as he may determine, subject to compliance with Section 9 hereof. 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 as approved by the Executive Director not later than the date three hundred sixty (360) days from the adoption of this resolution.

Section 7. The proposed preliminary form of official statement on file with the Secretary is hereby approved, and the Executive Director, the Chair of the Issuer, or the Chair's designee, each acting alone, is hereby authorized and directed, for and on behalf of and in the name 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 the portions of the official statement in either its preliminary or final form under the captions "THE INFRASTRUCTURE BANK" and "ABSENCE OF MATERIAL LITIGATION – The Infrastructure Bank" are "deemed final" as of their respective dates, 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 such officer or official, with the advice of the Issuer's counsel, may require or approve. The Underwriter is hereby authorized to distribute copies of the official statement in preliminary form to the prospective purchasers of the Bonds and the official statement in final form in connection with the sale of the Bonds. Neither approval nor authorization of distribution of the official statement in preliminary or final form shall be construed as a representation that the Issuer has reviewed or approved the accuracy or completeness of the official statement in preliminary or final form other than information under the captions "THE INFRASTRUCTURE BANK" and "ABSENCE OF MATERIAL LITIGATION – The Infrastructure Bank."

Section 8. 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 and on behalf of and in the name of the Issuer, to execute and deliver to the Corporation and 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 9. The Issuer approves the issuance on a tax-exempt and/or taxable basis of not to exceed $15,000,000 aggregate principal amount of the Bonds for the Project, such Bonds to be issued in one or more series in accordance with the terms of this resolution and the Indenture 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, the purchase price of the Bonds shall be payable solely from the proceeds of the remarketing of the Bonds and amounts made available under the Initial Credit Facility or a permitted substitute credit facility, and said Bonds shall not be deemed to constitute a debt or liability of the State of California or the Issuer except, as to the Issuer to the limited extent provided in the Indenture. Neither the full faith and credit nor the taxing power of the State of California is pledged to the payment of the principal of, 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 22 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 such rates as provided in the Indenture, provided that such rates shall not exceed 12% per annum for Bonds that are not held by the Initial Credit Provider or the provider of a permitted substitute credit facility ("Bank Bonds") or the Corporation ("Corporation Bonds"), and shall not exceed the higher per annum rate of the Initial Credit Provider's prime rate, the federal funds rate plus 1.50%, or the three month "LIBOR" rate plus 1.5% for Bank Bonds held by the Initial Credit Provider, or 15% for Bank Bonds held by the provider of any substitute credit facility or Corporation Bonds.

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 on behalf of and in the name 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 of 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, which they or counsel to the Issuer may deem necessary or advisable to consummate the issuance, sale and delivery of the Bonds or the

delivery of the Initial Credit Facility supporting 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 immediately upon its passage.

PASSED, APPROVED, AND ADOPTED at a meeting of the California Infrastructure and Economic Development Bank on February 23, 2010, by the following vote:

AYES: BRYANT, LUJANO, BERTE, SHEEHY

NOES: NONE

ABSENT: RICE

ABSTAIN: NONE

Stanton C. Hazelroth, Executive Director

Attest:

Roma Cristia-Plant, Secretary
to the Board of Directors