

RESOLUTION NO. 12-04

RESOLUTION OF THE CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK RELATING TO THE REFUNDING OF THE CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK VARIABLE RATE DEMAND REVENUE BONDS (SRI INTERNATIONAL), SERIES 2003, PROVIDING THE TERMS AND CONDITIONS FOR THE SALE AND ISSUANCE OF ONE OR MORE SERIES OF REVENUE BONDS FOR SUCH PURPOSE AND OTHER MATTERS RELATING THERETO, AND AUTHORIZING THE EXECUTION OF CERTAIN DOCUMENTS

April 24, 2012

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, among other things, providing financial assistance for projects located in the State of California; and

WHEREAS, SRI International, a California nonprofit corporation (the “Corporation”) has submitted an application to the Issuer for financial assistance to provide funds to refund the California Infrastructure and Economic Development Bank Variable Rate Demand Revenue Bonds (SRI International), Series 2003A (the “2003 Bonds”) that are secured by an irrevocable, direct-pay letter of credit issued by Wells Fargo Bank, N.A. (the “2003 Credit Facility”) and that were used to finance and refinance the acquisition, construction, installation, improvement, renovation, remodeling, replacement, furnishing and/or equipping of certain research facilities to be owned and operated by the Corporation and located on the Corporation’s main campus, the address of which is 333 Ravenswood Avenue, Menlo Park, California 94025 (the “2003 Project”) and pay costs of issuance incurred in connection with the issuance and sale of the Bonds (as defined below); 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 of interest, in an aggregate principal amount not to exceed \$23,000,000 entitled California Infrastructure and Economic Development Bank Refunding Revenue Bonds (SRI International), Series 2012 (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 refund the 2003 Bonds and pay related costs, (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 is considering effecting an economic defeasance of the 2003 Bonds at closing, such that the 2003 Bonds will remain outstanding and secured by the 2003 Credit Facility until the optional redemption date for the 2003 Bonds, approximately two weeks after issuance of the Bonds; and

WHEREAS, final approval of the terms of the Bonds and certain documents relating to the Bonds is now sought;

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

Section 1. The Issuer hereby finds and determines as follows:

- (a) The 2003 Project is located in the State of California.
- (b) The Corporation is capable of meeting the obligations incurred under the agreements approved by this resolution based upon a rating of the Bonds in one of the three highest rating categories by one or more nationally recognized agencies.
- (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 refunding of the 2003 Bonds.
- (f) The 2003 Project is consistent with any existing local or regional comprehensive plan.
- (g) The 2003 Project demonstrates clear evidence of a defined public benefit.

Section 2. The Board authorizes and approves the loan of the proceeds of the Bonds to the Corporation in order to refund the 2003 Bonds pursuant to the terms and provisions of the loan agreement approved by this resolution. The proposed form of loan agreement between the Issuer and the Corporation on file with the Secretary of the Board of Directors (the "Secretary") is hereby approved, and the Executive Director of the Issuer (the "Executive Director"), the Executive Director's assignee, the Chair of the Issuer's Board of Directors (the "Chair"), or the Chair's designee (each, an "Authorized Officer," and together the "Authorized Officers"), 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 desirable 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 3. The proposed form of indenture between the Issuer and Union Bank, N.A. as trustee (the "Trustee") on file with the Secretary is hereby approved, and the Authorized Officers, each acting alone, are 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 desirable 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 4. The proposed form of bond purchase contract by and among the Issuer, the Treasurer of the State of California (the "Treasurer") and Prager & Co., LLC (the "Underwriter"), and approved by the Corporation, on file with the Secretary is hereby approved, and the Authorized Officers, each acting alone, are 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 desirable 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 a negotiated sale, at such prices and at such interest rates as he may determine, subject to compliance with Section 6 hereof; provided, however, that in the event the weighted average maturity of the Bonds is to be longer than the remaining weighted average maturity of the 2003 Bonds no such sale shall occur until (1) a public hearing is noticed and held pursuant to Section 147(f) of the Internal Revenue Code of 1986 and (2) the issuance of the Bonds and refunding of the 2003 Project are approved by the Treasurer. 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 or the Executive Director's assignee, not later than the date three hundred sixty (360) days from the adoption of this resolution.

Section 5. The proposed preliminary form of official statement on file with the Secretary is hereby approved, and the Authorized Officers, each acting alone, are 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 "LITIGATION – The Infrastructure Bank" are "deemed final" as of their respective dates, with such insertions and changes therein as may be necessary or desirable 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 "LITIGATION – The Infrastructure Bank."

Section 6. The Issuer approves the issuance on a tax-exempt and/or taxable basis of not to exceed \$23,000,000 aggregate principal amount of the Bonds to refund the 2003 Bonds, 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, 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 17 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.

Section 7. The Authorized Officers, each acting alone, are 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 8. 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 any of the Authorized Officers, 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 9. The Authorized Officers, each acting alone, are hereby authorized for and on behalf of and in the name of the Issuer, to execute and deliver any and all documents, certificates and instruments, including without limitation tax certificates and agreements, escrow agreements or escrow letters of instruction, letters of representations and certifications of authority, which they or counsel to the Issuer may deem necessary or desirable to (i) consummate the issuance, sale and delivery of the Bonds, (ii) to facilitate the transactions contemplated by the Indenture, the Loan Agreement and the other documents related to the Bonds; and (iii) otherwise to effectuate the purpose of this resolution.

Section 10. 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 assignees, 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 documents, certificates, and instruments which they or counsel to the Issuer may deem necessary or desirable in order to (i) consummate the issuance, sale and delivery of the Bonds, (ii) to facilitate the transactions contemplated by the Indenture, the Loan Agreement and the other documents related to the Bonds, and (iii) otherwise to effectuate the purposes of this resolution.

Section 11. 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 April 24, 2012, by the following vote:

AYES: JIMENEZ, REYES, LUJANO, ARMSTRONG, RICE
NOES: NONE
ABSENT: NONE
ABSTAIN: NONE



Stanton C. Hazelroth, Executive Director

Attest:



Roma Cristia-Plant,
Secretary of the Board of Directors