

**RESOLUTION NO. 21-22:43**

**RESOLUTION OF THE BOARD OF EDUCATION OF THE AZUSA UNIFIED SCHOOL DISTRICT AUTHORIZING THE EXECUTION AND DELIVERY OF A GROUND LEASE, A LEASE AGREEMENT, AN ESCROW AGREEMENT, AND A PLACEMENT AGENT AGREEMENT WITH RESPECT TO THE ASSIGNMENT OF SUCH GROUND LEASE AND LEASE AGREEMENT, AND AUTHORIZING THE EXECUTION OF NECESSARY DOCUMENTS AND CERTIFICATES AND RELATED ACTIONS**

**WHEREAS**, the Azusa Unified School District (the “District”) is a school district organized and existing under and pursuant to the Constitution and laws of the State of California (the “State”); and

**WHEREAS**, in order to prepay the Azusa Unified School District Certificates of Participation (2012 School Facility Bridge Funding Program), the District caused to be executed and delivered the Azusa Unified School District Certificates of Participation, Series 2015 (the “Prior Certificates”) pursuant to the Trust Agreement, dated as of May 1, 2015, by and among U.S. Bank Trust Company, National Association, as successor trustee (formerly known as U.S. Bank National Association), the District and the Azusa Unified School District Facilities Corporation (the “Corporation”); and

**WHEREAS**, the Prior Certificates evidence direct, fractional undivided interests of the owners thereof in the base rental payments to be made by the District under the Lease Agreement, dated as of May 1, 2015 (the “Prior Lease”), by and between the District and the Corporation; and

**WHEREAS**, the District desires to cause the base rental payments of the Prior Lease to be prepaid, thereby prepaying the Prior Certificates, and the Corporation desires to assist the District in such prepayment; and

**WHEREAS**, in order to accomplish such prepayment, the District and the Corporation propose to enter into a Ground Lease (such Ground Lease, in the form presented to this meeting, with such changes, insertions and omissions as are made pursuant to this Resolution, being referred to herein as the “Ground Lease”), pursuant to which the District will lease certain real property owned by the District and the improvements thereto, consisting of the Henry Dalton Elementary School (the “Property”), to the Corporation; and

**WHEREAS**, the District and the Corporation propose to enter into a Lease Agreement (such Lease Agreement, in the form presented to this meeting, with such changes, insertions and omissions as are made pursuant to this Resolution, being referred to herein as the “Lease Agreement”), pursuant to which the Corporation will sublease the Property to the District; and

**WHEREAS**, the District has determined that it is in the best interests of the District that the District enter into the Ground Lease and the Lease Agreement; and

**WHEREAS**, the District proposes to make base rental payments (“Base Rental Payments”) and additional rental payments for the use and occupancy of the Property on the terms and conditions contained in the Lease Agreement; and

**WHEREAS**, the Corporation proposes to assign its right, title and interest in and to the Ground Lease and the Lease Agreement to any of the following: (a) First Foundation Public Finance, (b) a “qualified institutional buyer” (a “Qualified Institutional Buyer”) within the meaning of Rule 144A (as may be in effect on the date of such assignment), promulgated under the Securities Act of 1933, as amended (the “Securities Act”), or (c) an “accredited investor” (an “Institutional Accredited Investor”) as defined in Section 501(a)(1), (2), (3), (7) or (8) of Regulation D promulgated under the Securities Act, provided that each equity owner of an “accredited investor” as defined in Section 501(a)(8) of Regulation D shall be an “accredited investor” as defined in Section 501(a)(1), (2), (3) or (7) of Regulation D (as may be in effect on the date of such assignment), such Qualified Institutional Buyer or Institutional Accredited Investor to be selected as provided herein, such assignee as may be ready, willing and able to enter into such assignment (in each case, such assignee being referred to herein as the “Assignee”), pursuant to an Assignment Agreement (such Assignment Agreement, in the form presented to this meeting, being referred to herein as the “Assignment Agreement”); and

**WHEREAS**, the moneys to prepay the base rental payments of the Prior Lease, thereby prepaying the Prior Certificates, will be applied to such purpose pursuant to an Escrow Agreement by and between the District and U.S. Bank Trust Company, National Association, as escrow bank (such Escrow Agreement, in the form presented to this meeting, with such changes, insertions and omissions as are made pursuant to this Resolution, being referred to herein as the “Escrow Agreement”); and

**WHEREAS**, the District proposes to engage, pursuant to a Placement Agent Agreement (such Placement Agent Agreement, in the form presented to this meeting, with such changes, insertions and omissions as are made pursuant to this Resolution, being referred to herein as the “Placement Agent Agreement”), RBC Capital Markets, LLC, as the exclusive placement agent (the “Placement Agent”); and

**WHEREAS**, there have been prepared and submitted to this meeting forms of:

- (a) the Ground Lease;
- (b) the Lease Agreement;
- (c) the Assignment Agreement;
- (d) the Escrow Agreement; and
- (e) the Placement Agent Agreement; and

**WHEREAS**, the Los Angeles County Superintendent of Schools (the “County Superintendent”) has jurisdiction over the District; and

**WHEREAS**, Section 42133(a) of the California Education Code (the “Education Code”) provides that a school district that has a qualified or negative certification in any fiscal year may not issue, in that fiscal year or in the next succeeding fiscal year, certificates of participation, tax anticipation notes, revenue bonds, or any other debt instruments that do not require the approval of the voters of the district, nor may the district cause an information report regarding the debt instrument to be submitted pursuant to subdivision (e) of Section 149 of Title 26 of the United States Code, unless the county superintendent of schools determines, pursuant to criteria established by the Superintendent of Public Instruction of the State of California, that the district’s repayment of that indebtedness by the school district is probable; and

**WHEREAS**, in the fiscal year ended June 30, 2021, and in the fiscal year ending June 30, 2022, the District did not file and does not expect to file qualified or negative certifications and, therefore, the County Superintendent is not required to make such determination in order for the Ground Lease and the Lease Agreement to be executed and delivered by the District; and

**WHEREAS**, Section 17150.1(a) of the Education Code provides (a) that no later than 30 days before the approval by the governing board of a school district to proceed with the issuance of certificates of participation and other debt instruments that are secured by real property and do not require approval of the voters of the school district, the school district shall notify the county superintendent of schools and the county auditor, and (b) that the superintendent of the school district shall provide information necessary to assess the anticipated effect of the debt issuance, including the repayment schedules for that debt obligation, evidence of the ability of the school district to repay that obligation, and the delivery costs, to the county auditor, the county superintendent of schools, the governing board and the public; and

**WHEREAS**, in accordance with Education Code Section 17150.1(a), no later than 30 days before the date hereof, the Superintendent of the District caused notice of the proposed execution and delivery of the Ground Lease and the Lease Agreement to be provided to the County Superintendent and the Los Angeles County Auditor-Controller (the “County Auditor-Controller”); and

**WHEREAS**, in accordance with Education Code Section 17150.1(a), the Superintendent of the District caused to be provided information necessary to assess the anticipated effect of the execution and delivery of the Ground Lease and the Lease Agreement, including the repayment schedules for the Base Rental Payments, evidence of the ability of the District to repay the Base Rental Payments, and the delivery costs of the Ground Lease and the Lease Agreement, to the County Auditor-Controller, the County Superintendent, the Board of Education and the public; and

**WHEREAS**, the District has previously adopted a local debt policy (the “Debt Management Policy”) that complies with Section 8855(i) of the California Government Code (the “Government Code”), and the execution and delivery of the Ground Lease and the Lease Agreement as contemplated by this Resolution is in compliance with the Debt Management Policy; and

**WHEREAS**, the Board of Education has obtained from Isom Advisors, a Division of Urban Futures, Inc., as the District’s municipal advisor (the “Municipal Advisor”) good faith

estimates of (a) the true interest cost of the Base Rental Payments, (b) the sum of all fees and charges paid to third parties with respect to the Ground Lease and the Lease Agreement, (c) the amount of proceeds expected to be received in connection with the execution and delivery of the Ground Lease and the Lease Agreement net of the fees and charges paid to third parties and any reserves or capitalized interest paid or funded with such proceeds, and (d) the sum total of all Base Rental Payments to be made in connection with the execution and delivery of the Ground Lease and the Lease Agreement calculated to the final maturity of the Lease Agreement plus the fees and charges paid to third parties not paid with proceeds to be received in connection with the execution and delivery of the Ground Lease and the Lease Agreement, and such estimates are disclosed and set forth in Exhibit A attached hereto; and

**WHEREAS**, all acts, conditions and things required by the laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the consummation of the actions authorized hereby do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the District is now duly authorized and empowered, pursuant to each and every requirement of law, to consummate such actions for the purpose, in the manner and upon the terms herein provided;

**NOW, THEREFORE, BE IT RESOLVED** by this Board of Education of the Azusa Unified School District, County of Los Angeles, California, as follows:

**SECTION 1.** This Board of Education hereby specifically finds and declares that the actions authorized hereby constitute and are true and correct with respect to the public affairs of the District, and that the statements, findings and determinations of the District set forth herein and in the preambles of the documents approved herein are true and correct, and this Board of Education hereby declares its intention of entering into the documents described herein.

**SECTION 2.** The form of the Ground Lease, submitted to and on file with the Clerk of the Board of Education, is hereby approved, and each of the President of the Board of Education, the Clerk or Secretary of this Board of Education, and such other member of this Board of Education as the President may designate, the Superintendent of the District, the Assistant Superintendent, Business Services of the District, including anyone serving as the interim officer in such positions, and such other officer or employee of the District as the Superintendent may designate (the "Authorized Officers"), are each hereby authorized and directed, for and in the name and on behalf of the District, to execute and deliver the Ground Lease in substantially said form, with such changes, insertions and omissions therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided, however, that the term of the Ground Lease shall not extend beyond August 1, 2040 (provided that such term may be extended as provided therein).

**SECTION 3.** The form of the Lease Agreement, submitted to and on file with the Clerk of this Board of Education, is hereby approved, and the Authorized Officers are each hereby authorized and directed, for and in the name and on behalf of the District, to execute and deliver the Lease Agreement in substantially said form, with such changes, insertions and omissions therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided, however, that (a) the aggregate amount of the principal components of the Base Rental Payments payable under the

Lease Agreement shall not exceed \$4,750,000, (b) the term of the Lease Agreement shall not extend beyond August 1, 2040 (provided that such term may be extended as provided therein), and (c) the true interest cost applicable to the interest components of the Base Rental Payments payable under the Lease Agreement shall not exceed 4.00% per annum (provided that the interest components of the Base Rental Payments may exceed such true interest cost upon the occurrence of an Event of Taxability (as such term is defined in the Lease Agreement) or if a Base Rental Payment is not timely paid as provided therein).

**SECTION 4.** The form of the Escrow Agreement, submitted to and on file with the Clerk of this Board of Education, is hereby approved, and the Authorized Officers are each hereby authorized and directed, for and in the name and on behalf of the District, to execute and deliver the Escrow Agreement in substantially said form, with such changes, insertions and omissions therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

**SECTION 5.** The form of Placement Agent Agreement, submitted to and on file with the Clerk of this Board of Education, is hereby approved, and the Authorized Officers are each hereby authorized and directed, for and in the name and on behalf of the District, to execute and deliver the Placement Agent Agreement in substantially said form, with such changes, insertions and omissions therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided, however, that such changes, insertions and omissions shall not result in a placement agent's fee in excess of \$25,000.

**SECTION 6.** The form of the Assignment Agreement, submitted to and on file with the Clerk of this Board of Education, is hereby approved.

**SECTION 7.** The sale, assignment and transfer by the Corporation to the Assignee of the Corporation's right, title and interest in and to the Ground Lease and the Lease Agreement pursuant to the Assignment Agreement is hereby approved.

**SECTION 8.** If upon the review of title reports and other matters relating to the real property consisting of the Henry Dalton Elementary School site, the property is shown to have an encumbrance or attribute that would affect the placement of the Lease Agreement or cause such property to fail an Assignee's criteria for leased assets, the Authorized Officers are each hereby authorized and directed to select one or more alternative District-owned school facility sites and related facilities selected by the District aggregating a similar total value that do not have any such encumbrance or attribute and/or meet such criteria to constitute the Property to be leased under the Ground Lease and the Lease Agreement.

**SECTION 9.** With the passage of this Resolution, the Board of Education hereby certifies that the Debt Management Policy complies with Government Code Section 8855(i), and that the Ground Lease and the Lease Agreement authorized to be executed and delivered pursuant to this Resolution are consistent with such policy, and instructs Orrick, Herrington & Sutcliffe LLP as Special Counsel, on behalf of the District, with respect to the Ground Lease and the Lease Agreement executed and delivered pursuant to this Resolution, (a) to cause notices of the proposed sale and final sale of such lease financing to be filed in a timely manner with the California Debt

and Investment Advisory Commission pursuant to Government Code Section 8855, and (b) to check, on behalf of the District, the “Yes” box relating to such certifications in the notice of proposed sale filed pursuant to Government Code Section 8855.

**SECTION 10.** The officers of the District are, and each of them is hereby authorized and directed, for and in the name of the District, to do any and all things and to execute and deliver any and all agreements, documents, certificates and instruments referred to herein which they or any of them deem necessary or advisable in order to consummate the transactions contemplated by this Resolution, including, without limitation, executing a transaction term sheet and/or a purchase contract with the Assignee to document the terms of the purchase of the Corporation’s right, title and interest in and to the Ground Lease and the Lease Agreement by the Assignee, and obtaining title insurance with respect to the Property and entering into an agreement to indemnify and hold the title insurance company harmless with respect to the encumbrances recorded against the Property between the last title continuation as set forth in such agreement and the recording of the documents (or notice thereof) herein approved.

**SECTION 11.** The Board of Education hereby approves the execution and delivery of any and all agreements, documents, certificates and instruments referred to herein with electronic signatures as may be permitted under the California Uniform Electronic Transactions Act and digital signatures as may be permitted under Section 16.5 of the California Government Code using DocuSign.

**SECTION 12.** All actions heretofore taken by the officers and agents of the District with respect to the transactions set forth above, or in connection with or related to any of the agreements, documents, certificates or instruments referred to herein, are hereby approved, confirmed and ratified.

**SECTION 13.** This Resolution shall take effect immediately upon its adoption.

**APPROVED AND ADOPTED** by the Board of Education of the Azusa Unified School District on June 14, 2022.

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President of the Board of Education of the  
Azusa Unified School District

ATTEST:

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Clerk of the Board of Education of the  
Azusa Unified School District

## EXHIBIT A

### GOOD FAITH ESTIMATES

The good faith estimates set forth herein are provided with respect to the sale of the Azusa Unified School District Property Acquisition Corporation's right, title and interest in and to the Ground Lease and the Lease Agreement. Such good faith estimates have been provided to the District by Isom Advisors, a Division of Urban Futures, Inc., the District's municipal advisor (the "Municipal Advisor").

*Principal Amount.* The Municipal Advisor has informed the District that, based on the District's financing plan and based on market conditions prevailing at the time of preparation of such estimate, its good faith estimate of the aggregate principal amount of the principal components of the Base Rental Payments payable under the Lease Agreement to be sold is \$4,625,000 (the "Estimated Principal Amount").

*True Interest Cost.* The Municipal Advisor has informed the District that, assuming that the Estimated Principal Amount is sold, and based on market conditions prevailing at the time of preparation of such estimate, its good faith estimate of the true interest cost of the Base Rental Payments payable under the Lease Agreement, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the Corporation's right, title and interest in and to the Ground Lease and the Lease Agreement, is 2.84%.

*Finance Charge.* The Municipal Advisor has informed the District that, assuming that the Estimated Principal Amount is sold, and based on market conditions prevailing at the time of preparation of such estimate, its good faith estimate of the finance charge for the execution and delivery of the Ground Lease and the Lease Agreement, which means the sum of all fees and charges paid to third parties (or costs associated with the execution and delivery of the Ground Lease and the Lease Agreement), is \$166,378.61.

*Amount of Proceeds to be Received.* The Municipal Advisor has informed the District that, assuming that the Estimated Principal Amount is sold, and based on market conditions prevailing at the time of preparation of such estimate, its good faith estimate of the amount of proceeds expected to be received by the District for the sale of the Corporation's right, title and interest in and to the Ground Lease and the Lease Agreement, less the finance charge related thereto, as estimated above, and any reserves or capitalized interest paid or funded with proceeds of the sale, is \$4,822,539.89.

*Total Payment Amount.* The Municipal Advisor has informed the District that, assuming that the Estimated Principal Amount is sold, and based on market conditions prevailing at the time of preparation of such estimate, its good faith estimate of the total payment amount, which means the sum total of all payments the District will make to pay debt service on the Lease Agreement, plus the estimated finance charge for related thereto, as described above, not paid with the proceeds expected to be received by the District for the sale of the Corporation's right, title and interest in and to the Ground Lease and the Lease Agreement, calculated to the final maturity of the Lease Agreement, is \$5,808,386.58.

The foregoing estimates constitute good faith estimates only and are based on market conditions prevailing at the time of preparation of such estimates. The actual principal amount of the principal components of the Base Rental Payments payable under the Lease Agreement sold, the true interest cost thereof, the finance charges thereof, the amount of proceeds received therefrom and total payment amount with respect thereto may differ from such good faith estimates for a variety of reasons, including, without limitation, due to (a) the market conditions prevailing on the actual date of sale of the Corporation's right, title and interest in and to the Ground Lease and the Lease Agreement being different than the market conditions prevailing at the time of preparation of the estimates contained herein, (b) the actual principal components of the Base Rental Payments payable under the Lease Agreement sold being different from the Estimated Principal Amount, (c) the actual amortization of the principal components of the Base Rental Payments payable under the Lease Agreement being different than the amortization assumed for purposes of preparing the estimates contained herein, (d) the actual interest rate at which the principal components of the Base Rental Payments payable under the Lease Agreement are sold being different than estimated for purposes of preparing the estimates contained herein, (e) other market conditions, or (f) alterations in the District's financing plan, or a combination of such factors. The actual date of sale of the Corporation's right, title and interest in and to the Ground Lease and the Lease Agreement and the actual principal amount of the principal components of the Base Rental Payments payable under the Lease Agreement sold will be determined by the District based on various factors. The actual interest rate borne by the principal components of the Base Rental Payments payable under the Lease Agreement will depend on market conditions at the time of sale thereof. The actual amortization of the principal components of the Base Rental Payments payable under the Lease Agreement will also depend, in part, on market conditions at the time of sale thereof. Market conditions, including, without limitation, interest rates are affected by economic and other factors beyond the control of the District and the Municipal Advisor. The Board of Education has approved the execution and delivery of the Lease Agreement with a maximum true interest cost applicable to the interest components of the Base Rental Payments payable under the Lease Agreement of 4.00%.



**CLERK’S CERTIFICATE**

I, Xilonin Cruz-Gonzalez, Clerk of the Board of Education of the Azusa Unified School District, County of Los Angeles, California, hereby certify that the foregoing is a full, true and correct copy of a resolution duly adopted at a regular meeting of the Board of Education of said District held at the regular meeting place thereof on June 14, 2022, and entered in the minutes thereof, of which meeting all of the members of the Board of Education had due notice and at which a quorum thereof was present, and that at said meeting the resolution was adopted by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

An agenda of the meeting was posted at least 72 hours before the meeting at 546 South Citrus Avenue, Azusa, California, a location freely accessible to members of the public, and on the District’s website at <https://azusa.ic-board.com/>, and a brief description of the resolution appeared on the agenda.

I further certify that I have carefully compared the same with the original minutes of said meeting on file and of record in the District administrative office; the foregoing resolution is a full, true and correct copy of the original resolution adopted at said meeting and entered in said minutes; and that said resolution has not been amended, modified or rescinded since the date of its adoption, and the same is now in full force and effect.

Dated: \_\_\_\_\_, 2022

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Clerk of the Board of Education of the  
Azusa Unified School District