

DESERT COLLEGE FINANCING CORP.

**RESOLUTION APPROVING, AUTHORIZING AND DIRECTING THE EXECUTION AND DELIVERY BY THE CORPORATION CERTAIN LEASE FINANCING DOCUMENTS IN CONNECTION WITH THE FINANCING AND REFINANCING OF THE CONSTRUCTION AND DEVELOPMENT OF A CERTAIN DESERT COMMUNITY COLLEGE DISTRICT FACILITY IN INDIO AND AUTHORIZING AND DIRECTING THE EXECUTION OF NECESSARY DOCUMENTS AND TAKING CERTAIN ACTIONS WITH RESPECT THERETO**

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RESOLVED, by the Board of Directors (the "Board") of the Desert College Financing Corp., a California nonprofit public benefit corporation (the "Corporation");

WHEREAS, Desert Community College District, a political subdivision organized and existing under the constitution and laws of the State of California (the "District"), working with the Corporation, is preparing to proceed with a proposed transaction utilizing federal New Markets Tax Credits (the "NMTC Financing") under Section 45D of the Internal Revenue Code of 1986, as amended (the "Code"), in connection with the financing and refinancing of the development and construction the real property situated in Riverside County, State of California (the "Site") and those existing facilities on the Site (the "Existing Improvements"), which includes approximately 30,000 sq. ft. of educational space and approximately 10,000 sq. ft. of retail space (the "Facility"), known as the East Valley Campus ("EVC"), and the related costs thereto (collectively, the "Project");

WHEREAS, in connection with the NMTC Financing, the Corporation will enter into that certain Site Lease Agreement between the District and the Corporation dated as of the date hereof (the "Site Lease"), pursuant to which the District will lease the Site and the Project to the Corporation; and

WHEREAS, the Corporation has agreed to lease the Project to the District pursuant to that certain Lease Agreement dated as of the date hereof (the "Project Lease"), by and between the Corporation and the District; and

WHEREAS, the Corporation, as borrower, has requested that BCCCXI, LLC, a California limited liability company (the "Lender") provide certain loans (the "Loans") to the Corporation, in connection with the NMTC Financing for the acquisition of the Project; and

WHEREAS, it is a condition of making the Loans that the Corporation enter into and be bound by a Credit Agreement (as hereinafter defined) with Lender, and certain other Loan Documents (as defined in the Credit Agreement), each dated as of the date hereof; and

WHEREAS, to provide additional financing for the acquisition of the Project pursuant to the Site Lease, the District will make a loan to the Corporation in the amount of Ten Million Dollars (\$10,000,000) (the "District Loan"); and

WHEREAS, it is in the public interest and for the public benefit that the Corporation authorize and direct execution of the Site Lease, Project Lease, Credit Agreement, District Loan Agreement and certain other Financing Documents (as hereinafter defined) in connection therewith; and

WHEREAS, the Corporation has full legal right, power and authority under the laws of the State of California and the Judgment of Validation arising from the validation proceeding pursuant to Civil Procedure Sections 585(c) and 860 *et seq.*, and other applicable California law (the "Validation Proceeding") brought by the District in the Superior Court of the State of California, County of Riverside, to enter into the transactions herein authorized; and

WHEREAS, the Board has been presented with the form of each document referred to and defined herein, and the Board has examined and approved each document and desires to authorize and direct the execution of such documents and the consummation of the transactions contemplated thereby; and

WHEREAS, all acts, conditions and things required by the Constitution and 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 such transactions authorized hereby do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the Corporation is now duly authorized and empowered, pursuant to each and every requirement of law, to consummate such transactions for the purpose, in the manner and upon the terms herein provided.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE DESERT COLLEGE FINANCING DISTRICT, ORDERED and DETERMINED as follows:

Section 1. All of the recitals above are true and correct and the Board so finds.

Section 2. The proposed forms of the below-enumerated documents, as presented to this Board and on file with the Secretary of the Corporation, be and are hereby approved, and the President, Vice President or such other member of the Board as the President may designate, are each hereby authorized and directed to execute said documents for and in the name of and on behalf of the Corporation, with such changes, insertions and omissions as may be approved by such officials, and the Secretary is hereby authorized and directed to attest to such official's signature (collectively, the "Financing Documents"):

(a) a Site Lease Agreement, by and between the District as lessor, and the Corporation, as lessee, relating to the Project (the "Site Lease");



(b) a Lease Agreement, by and between the Corporation, as lessor, and the District, as lessee (the "Project Lease"), so long as the stated term of the Project Lease does not exceed thirty (30) years;

(c) a Credit Agreement, by and between the Corporation and Lender, relating to the NMTC Financing and the execution and delivery of the promissory notes associated therewith (the "Credit Agreement");

(d) a Promissory Note executed by the Corporation in favor of Lender in the original principal amount of \$6,403,400 (the "A Note"), and a Promissory Note executed by the Corporation in favor of Lender in the original principal amount of \$2,524,600 (the "B Note"), evidencing the Loans (collectively, the "Notes");

(e) a Leasehold Deed of Trust (with Assignment of Leases and Rents, Security Agreement and Fixture Filing) dated as of the date hereof, executed by the Corporation, as grantor, to First American Title Company, as trustee, for the benefit of Lender, as beneficiary (together with all modifications, amendments, restatements and replacements thereof, the "Deed of Trust"), securing the Corporation's obligations under the Credit Agreement;

(f) an Environmental Indemnity Agreement dated as of the date hereof, executed by the Corporation and the District in favor of Lender (the "Environmental Indemnity");

(g) an Assignment of Contracts dated as of the date hereof, executed by the Corporation in favor of Lender (the "Assignment of Contracts");

(h) a Bank Account Pledge Agreement dated as of the date hereof, by and between the Corporation and Lender (the "Deposit Account Pledge Agreement");

(i) a Deposit Account Control Agreement dated as of the date hereof, by and among the Corporation, Lender, and U.S. Bank National Association, a national banking association (the "Deposit Account Control Agreement");

(j) a Subordination Non-Disturbance and Attornment Agreement dated as of the date hereof by and among the Corporation, District and Lender (the "SNDA");

(k) a QALICB Recapture and Environmental Indemnity executed by the Corporation and the District in favor of U.S. Bancorp Community Development Corporation, a Minnesota corporation (the "Investor"), dated as of the date hereof, pursuant to which the Corporation agrees to indemnify the Investor against the recapture or disallowance of the New Markets Tax Credits attributable to certain of the Corporation's acts or omissions, including but not limited to the failure of the Corporation to be classified as a qualified active low-

income community business under Section 45D of the Internal Revenue Code, as amended (the "QALICB Recapture and Environmental Indemnity");

(l) a Certificate Regarding Debarment, Suspensions, Ineligibility and Voluntary Exclusion-Lower Tier Covered Transactions dated as of the date hereof, executed by the Corporation in connection with the NMTC Financing (the "Debarment Certificate");

(m) a Loan and Security Agreement dated as of the date hereof, by and between the Corporation and the District, relating to the District Loan (the "District Loan Agreement");

(n) a Promissory Note executed by the Corporation in favor of the District, in the principal amount of Ten Million Dollars (\$10,000,000), evidencing the District Loan (the "District Note");

(o) a Second Lien Deed of Trust and Assignment of Rents, dated as of the date hereof, executed by the Corporation, as grantor, to First American Title Company, as trustee, for the benefit of the District, as beneficiary (together with all modifications, amendments, restatements and replacements thereof, the "District Deed of Trust"), securing the Corporation's obligations under the District Loan Agreement and encumbering the Project.

Section 3. The Board authorizes and directs the President or Vice President, on behalf of the Corporation or such other member of the Board or other permitted person as the President may designate, to take such further actions and execute documents as are deemed necessary and appropriate to obtain the Loans, the District Loan and to perform its obligations under the foregoing.

Section 4. The President, Vice President or such other member of the Board or other permitted person as the President may designate, is authorized and directed to cause and take such further actions prior to the signing of the final Financing Documents and instruments as are deemed necessary or appropriate. The execution of the final Financing Documents and instruments, which shall include such changes and additions thereto deemed advisable by the President or Vice President shall be conclusive evidence of the approval of such documents and instruments.

Section 5. Resolved, that the Corporation shall be, and hereby is, authorized to undertake and perform all of its obligations under the Financing Documents to which it is a party, including promissory notes and all such other documents, instruments and borrowing authorizations, as may be necessary or appropriate to obtain the Loans, the District Loan and to perform its obligations under the foregoing.

Section 6. Resolved, that the Corporation shall be, and hereby is, authorized to take any and all action, and to enter into, execute and deliver any such documents, as may be necessary or appropriate in connection with the Project, to enter into the Financing Documents and to perform its obligations under such documents.

Section 7. Resolved, that the Corporation shall be, and hereby is, authorized to pay all required fees and other transaction costs in order to obtain the Loans and the District Loan and to grant liens and security interests to the Lender and the District, including but not limited to liens, mortgages and deeds of trust on the Project, to secure the Loans, the District Loan and the obligations of the Corporation, collectively, under the Financing Documents.

Section 8. Resolved, that each of the following members of the Board, or officers of the Corporation, each, an "Authorized Representative", acting alone, is hereby authorized and directed to execute and deliver the Financing Documents to which the Corporation will be a party in substantially the form presented to the Corporation with such changes or additions thereto, or deletions therefrom, as such Authorized Representative executing the same shall approve, which shall be conclusively evidenced by his execution of such instruments:

Joel L. Kinnamon, Ed.D.	President and Treasurer
Becky Broughton	Vice President and Secretary

Section 9. Resolved, that each Authorized Representative, acting alone, is hereby authorized to enter into such other agreements and to take all such other actions as may be necessary or required of the Corporation in connection with the Loans, the District Loan and the other agreements described in the foregoing resolution and any and all such other documents on the terms and conditions set forth in the forms thereof provided to the Corporation or upon such other or additional terms as such member of the Board shall deem appropriate.

Section 10. Resolved, that bank accounts be opened at U.S. Bank National Association in the name and for the use of the Corporation in connection with the transactions described in the foregoing recitals and resolutions and contemplated in the Financing Documents.

Section 11. Resolved, that each Authorized Representative is hereby authorized to enter into such other agreements and to take all such other actions as may be necessary or required of the Corporation in connection with the Financing Documents and to consummate the transactions contemplated by the Financing Documents.

Section 12. Resolved further, that any action heretofore taken by Corporation in furtherance of the transactions contemplated by the foregoing resolutions shall be, and hereby is, ratified, affirmed, and approved in all respects.

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**SECRETARY'S CERTIFICATE**

I, Becky Broughton, Secretary of the Desert College Financing Corp., 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 Directors of said Corporation duly and regularly held on the 16 day of June, 2014 were present; and that at said meeting said resolution was adopted by the following vote:

AYES: 4

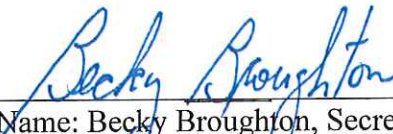
NOES: -0-

ABSENT: 1

An agenda of said meeting was posted at least 72 hours before said meeting at Desert Community College District, a location freely accessible to members of the public, and a brief general description of said resolution appeared on said agenda.

I further certify that I have carefully compared the same with the original minutes of said meeting on file and of record in my office; that 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: June 16, 2014.

  
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Name: Becky Broughton, Secretary  
Desert College Financing Corp.

[Signature Page to COD QALICB Resolution]

State of California  
Secretary of State

CERTIFICATE OF STATUS

ENTITY NAME:

DESERT COLLEGE FINANCING CORP.

FILE NUMBER: C3657506  
FORMATION DATE: 03/17/2014  
TYPE: DOMESTIC NONPROFIT CORPORATION  
JURISDICTION: CALIFORNIA  
STATUS: ACTIVE (GOOD STANDING)

I, DEBRA BOWEN, Secretary of State of the State of California,  
hereby certify:

The records of this office indicate the entity is authorized to  
exercise all of its powers, rights and privileges in the State of  
California.

No information is available from this office regarding the financial  
condition, business activities or practices of the entity.



IN WITNESS WHEREOF, I execute this certificate  
and affix the Great Seal of the State of  
California this day of May 23, 2014.

*Debra Bowen*

DEBRA BOWEN  
Secretary of State



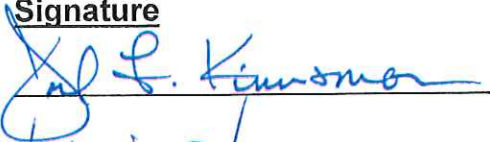

**SIGNATURE AND INCUMBENCY CERTIFICATE OF THE DISTRICT**

I, the undersigned Chair of the Governing Board of the Desert Community College District (the "District"), HEREBY CERTIFY:

- That supervision of this District is conducted by the Board of Trustees (the "Board") a body corporate pursuant to the California Education Code (the "Code") Section 72230 and is governed pursuant to the Code.
- The members of the District's Governing Board, and the dates of election or reelection and expiration of their terms of office, are as follows:

<u>Names</u>	<u>Current Office</u>	<u>Term Began</u>	<u>Current Term Expires</u>
Ms. Becky Broughton	Chair	December 1, 2006	December 5, 2014
Mrs. Mary Jane Sanchez-Fulton	Clerk	December 7, 2012	December 2, 2016
Mr. Michael J. O'Neill	Member	December 3, 2010	December 2, 2016
Ms. Aurora Wilson	Appointed Member	December 6, 2013	December 5, 2014
Dr. Bonnie Stefan	Vice Chair	December 3, 1999	December 2, 2016

- That the signatures set forth opposite the respective names of the following designated officers, President and Superintendent, and Vice President – Administrative Services, of the District are manual specimens of their signatures:

<u>Name</u>	<u>Office</u>	<u>Signature</u>
Dr. Joel Kinnamon	President and Superintendent	
Ms. Lisa Howell	Vice President - Administrative Services	

- That each of the above-named officers was duly appointed and is the officer who currently holds the respective office stated immediately following his or her name, and that the signatures of the above-mentioned persons appearing on the various documents related to the New Markets Tax Credit financing transaction are their genuine signatures.



5. As of the date of this Certificate, the persons named in Paragraph 2 hereof are the duly elected or appointed and acting members of the District's Governing Board, and the only such members thereof. None of them has forfeited, resigned or vacated his or her respective offices as members of the District's Governing Board; no other members have been elected thereto nor has any other authority been designated, created or constituted in lieu of, in substitution for or in derogation of the powers of the District under the Education Code of California as amended to date.

6. In accordance with Resolution No. 032114-4, adopted by the Board of Trustees of the District authorizing the execution and delivery of the Site Lease, Lease Agreement (each as defined in Resolution No. 032114-4) and other related documents and instruments related thereto, Dr. Joel Kinnamon, President and Superintendent of the District, and Lisa Howell, Vice President – Administrative Services of the District, are authorized to execute and deliver any and all documents necessary, and written instructions from time to time required, in accordance with the provisions of Resolution No. 032114-4; including but not limited to, the Site Lease, the Lease Agreement, the QALICB Recapture and Environmental Indemnity Agreement, the Put and Call Agreement, the Fund Loan Agreement, the Guaranty of Payment and Completion, the Environmental Indemnity Agreement, the Subordination, Non-Disturbance and Attornment Agreement, the District Loan, the District Note and the District Mortgage (each as defined in Resolution No. 032114-4), the Indemnity Agreement (Mechanics' Liens) and other related instruments, documents and agreements, each executed and delivered pursuant to the directives thereof, on behalf of the District.

7. That the District is a public body, corporate and politic, duly organized and existing under the laws of the State of California, and has full legal right, power and authority to carry out the transactions contemplated by the District's Resolution No. 032114-4, adopted by the Board of Trustees of the District on March 21, 2014.

WITNESS our hands this \_\_\_\_ day of June, 2014.

DESERT COMMUNITY COLLEGE DISTRICT

By: Becky Broughton  
Becky Broughton, Chair