



SONOMA STATE UNIVERSITY Academic Foundation, Inc.

December 21, 2004 Board of Director's Special MEETING III. ACTION ITEMS

A. Resolution to authorize the Foundation to issue Sonoma State University, Inc. Auxiliary Organization Revenue Notes, Series 2005 not to exceed an aggregate principal amount of \$13,000,000.

It has been concluded by both Jeremy Olsan (Foundation Counsel) and Richard Hiscocks (Foundation Bond Counsel) that the Financing Resolution passed and adopted by the Board on April 1, 2004 must be revised and reauthorization given by the Board in order to incorporate new conditions and facts surrounding the proposed financing currently scheduled for February 2005.

As you recall, the April 1, 2004 Resolution authorized the Foundation to issue Sonoma State University, Inc. Auxiliary Organization Revenue Notes, Series 2004 not to exceed an aggregate principal amount of \$13,000,000. The debt is fully collateralized by individual donors' letters of credit with the proceeds used to support SSU in the cost of planning and construction of the Green Music Center.

The new conditions and facts that brought Messrs. Olsan and Hiscocks to their conclusion are:

1. The change in overall project scope through the inclusion of two additional structures funded by California General Obligation Bonds (Proposition 55 - Kindergarten-University Public Education Facilities Bond Act of 2004) and by CSU Systemwide Revenue Bonds;
2. Administrative language changes in the three major financing documents: the Note Purchase Agreement, Official Statement, and Note Indenture; and
3. The opinion that it is best to provide the Board with an opportunity to review the current conditions and financing of the revised project and seek formal approval to proceed in light of these revisions.



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III. ACTION ITEMS – GMC Financing Resolution

General Information:

- Total Financing Amount: An amount not to exceed \$13 million.
- Form of Financing: Tax Exempt Notes, Secured by Letters of Credit, marketed in \$5,000 denomination.
- Term: Four years, with a single principal maturity date anticipated to be March 1, 2009.
- Interest Rate: The notes will pay a fixed, 4 year rate of interest. A rate of 3% has been assumed. Actual rate will depend on market conditions at time of note pricing.
- Security: Notes will be 100% secured by individual Letters of Credits drawn upon money center banks under which the Note Trustee is the beneficiary.
- Rating: The Notes will be rated MIG1 – Moodys Investment Grade 1, the highest short-term rating, based on Letters of Credit furnished by Moody's rated P-1 Banks.
- Financing Team
 - Bond Counsel: Orrick, Herrington & Sutcliffe, LLP
 - Underwriter: Citigroup Global
 - Underwriter Counsel: Stradling, Yocca, Carlson & Rauth
 - Note Trustee: The Bank of New York Trust Company, N.A.
 - Foundation Counsel: Anderson, Zeigler, Disharoon Gallagher & Gray
 - Foundation Accountant: Zainer Rinehart Clarke – DFK



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➤ Total Cost of Financing assuming amount at \$12,150,000:

Interest at 3% for Four Years		\$1,460,000
Cost of Issuance:		
Underwriting Fees	\$135,000	
Bond Counsel	<u>115,000</u>	
Total Cost of Issuance		250,000
Letter of Credit Reimbursements		590,000
SSUAF Counsel		<u>30,000</u>
Total Estimate Cost of Financing		<u>\$2,330,000</u>

➤ Financing/Project Timeline

Dec 21, 2004	SSUAF Board passes Financing Resolution
Jan 26, 2005	CSU Board of Trustees approves financing
Feb 2, 2005	Donor’s banks issue Letters of Credit
Feb 9, 2005	Pricing date for notes
Feb 23, 2005	Note pre-closing date
Feb 25, 2005	Note closing date, note proceeds deposited The Bank of New York Trust Company
July 2005	Target start of GMC construction, dependent upon passage of California FY 2005/06 Budget
Aug 2007	Target completion of GMC construction
Mar 2009	SSUAF debt retired



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Discussion:

Motion: Approve the Resolution to authorize the Foundation to issue Sonoma State University, Inc. Auxiliary Organization Revenue Notes, Series 2005 not to exceed an aggregate principal amount of \$13,000,000.

Action:

December 21, 2004 Board of Director's Special Meeting

**ACTION ITEM
RESOLUTION OF THE BOARD OF DIRECTORS OF
SONOMA STATE UNIVERSITY ACADEMIC FOUNDATION, INC.
AUTHORIZING THE ISSUANCE OF REVENUE NOTES AND THE
EXECUTION AND DELIVERY OF RELATED AGREEMENTS FOR
THE GREEN MUSIC CENTER**

WHEREAS, the Sonoma State University Academic Foundation, Inc. (the "Corporation") has been established to promote the objectives and best interests and further enhance the educational effectiveness of the Sonoma State University (the "University") by exercising its powers to purchase, lease, acquire and operate property, including real estate, buildings and equipment; and to borrow money and to make and issue notes and bonds without limit as to amount and to secure the same by mortgage, pledge or otherwise; and generally to make and perform agreements and contracts of every kind and description, all as more fully described in the Articles of Incorporation of the Corporation;

WHEREAS, the Corporation is an auxiliary organization of the California State University governed by California Education Code Sections 89900 et seq., and the administrative regulations of the California State University as set forth in California Code of Regulations, Title 5, Sections 42400 et seq.;

WHEREAS, the Corporation is subject to the Nonprofit Public Benefit Corporation Law of the State of California and the Articles of Incorporation of the Corporation provide that no part of the profits or net income of the Corporation shall ever inure to the benefit of any director, officer, or member or to the benefit of any individual;

WHEREAS, the Corporation desires to assist the University to plan, construct, acquire, own, operate and finance a 57,700 square feet, 1,400-seat concert hall and supporting backstage spaces which will be available to accommodate large performances in the music and fine arts program, to be known as the Donald and Maureen Green Music Center (the Green Music Center) and to issue its revenue notes secured by revenues and collateralized pledges from donors related to the Green Music Center to pay for a portion of the costs of such planning, construction and acquisition. The

Green Music Center will be a major component facility of a larger complex consisting of a Music/Faculty Office Building and a Conference Facility for which funding will be sought from California State General Obligation Bonds and CSU Systemwide Revenue Bonds.

WHEREAS, the Board of Directors of the Corporation understand and acknowledge that the actual construction of the Green Music Center is scheduled to begin in approximately July 2005 or thereafter and commencement of construction is subject to passage of the FY 2004/05 California State Budget Act appropriating the California State General Obligation Bond funding portion for the Music/Faculty Office and authorization by the CSU Board of Trustees of the issuance of Systemwide Revenue Bonds for the Conference Facility for the benefit of Sonoma State University.

WHEREAS, the Board of Directors of the Corporation now desires to adopt its resolution authorizing the issuance of such notes and such other actions in connection therewith as may be necessary or appropriate;

WHEREAS, such revenue notes authorized hereby shall be known as the Sonoma State University Academic Foundation, Inc. Auxiliary Organization Revenue Notes, Series 2005 not to exceed an aggregate principal amount of thirteen million dollars (\$13,000,000) (the "Notes");

WHEREAS, the Corporation desires to enter into an Indenture (the "Indenture") by and between the Corporation and The Bank of New York Trust Company, as trustee (the "Note Trustee"), which Indenture will authorize the issuance of the Notes, describe the terms thereof and provide security for their repayment and other matters;

WHEREAS, in order to provide for the authorization, issuance, sale and delivery of, and security for, the Notes, the Corporation desires to approve the form of and authorize the execution and delivery of the following agreements, as and to the extent hereinafter authorized (the "Related Agreements"):

1. Pledge Agreements, dated during December 2004, between the Corporation and various donors for the Green Music Center, establishing the collateralized pledges of such donors in accordance with the terms and conditions of such Pledge Agreements;

2. Note Purchase Agreement, dated during February 2005, between the Corporation and Citigroup Global Markets, Inc. (the "Underwriter");
3. Official Statement describing the Notes, the Indenture authorized herein, the Related Agreements and such other matters as may be necessary or appropriate for the purpose of describing the terms of and the security for the Notes (the "Official Statement"); and
4. The Indenture, in substantially the form on file with the Secretary/Chief Financial Officer of the Corporation (the "Indenture").

NOW, THEREFORE, BE IT RESOLVED, by the Board of Directors of the Corporation, as follows:

Section 1. It is hereby found and determined that the activities and purposes of the Corporation are permitted under the Articles of Incorporation of the Corporation.

Section 2. The Green Music Center is located on property within the State of California and has a substantial connection with the University.

Section 3. The Indenture, in substantially the form on file with the Secretary/Chief Financial Officer of the Corporation, is hereby approved. The Vice President and Chief Operating Officer of the Corporation or his designees (each, an "Authorized Corporation Representative"), with the advice of retained counsel, is hereby authorized and directed for and in the name and on behalf of the Corporation, to execute, acknowledge and deliver the Indenture in substantially such form, with such changes therein as such Authorized Corporation Representative may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 4. The Related Agreements, in substantially the forms on file with the Secretary/Chief Financial Officer of the Corporation are hereby approved. Any Authorized Corporation Representative, with the advice of retained counsel, is hereby authorized and directed for and in the name and on behalf of the Corporation, to execute, acknowledge and deliver the Related Agreements in substantially such forms, with such changes therein as such Authorized Corporation Representative may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof. The execution and delivery by any officer of the Corporation of any of the Related Agreements prior to the date of adoption of this Resolution, including without limitation the Pledge Agreements described herein, is hereby ratified, confirmed and approved in all respects.

Section 5. The official statement for the Notes, in substantially the form on file with the Secretary/Chief Financial Officer of the Corporation, is hereby approved. Any Authorized Corporation Representative, with the advice of retained counsel, is hereby authorized and directed for and in the name and on behalf of the Corporation, to complete, execute and deliver such official statement in final form. The Underwriter is

hereby authorized to distribute a preliminary form of such official statement to prospective purchasers of the Notes and is hereby authorized and directed to distribute a final form of such official statement to all actual purchasers of the Notes.

Section 6. The issuance and sale of the Notes is hereby authorized and approved; provided, however that (i) the aggregate principal amount of the Notes shall not exceed thirteen million dollars (\$13,000,000), (ii) the true interest cost of the Notes shall not exceed five percent (5%), and (iii) the final maturity date for the Notes shall be not later than four years from the date of issuance of the Notes.

Section 7. Any Authorized Corporation Representative, with the advice of retained counsel, is hereby authorized and directed to do any and all things and to execute and deliver the Indenture and the Related Agreements and any and all additional agreements, instruments and documents which they may deem necessary or advisable in order to consummate the issuance of the Notes and the acquisition and financing of the Project, and otherwise to effectuate the purposes of this resolution, including but not limited to a tax certificate and a continuing disclosure agreement.

Section 8. This Resolution shall take effect immediately upon its adoption.

Passed and Adopted this twenty-first day of December, 2004 by the following vote:

AYES:

NAYES:

ABSTAIN:

ABSENT:

I hereby certify the above resolution was adopted by the Board of Directors of the Corporation.

SSUAF Board of Director's Special Meeting
December 21, 2004
Action Item III.A

Attest: _____
Letitia Coate,
Secretary/Chief Financial Officer

Date: December 21, 2004