RESOLUTION
OF THE
TEACHERS' RETIREMENT BOARD

SUBJECT: Approval of Financing of Completion Costs of the Headquarters Expansion Project

RESOLUTION NO. 22-__

WHEREAS, on November 8, 2018, by a motion duly made and unanimously approved, the Teachers' Retirement Board (the "Board") determined to proceed with the expansion of the headquarters of the California State Teachers' Retirement System ("CalSTRS") by the construction of a building adjacent to the existing headquarters building (the "Expansion Project"), utilizing bond financing; and

WHEREAS, in order to finance the costs of the Expansion Project (including costs of issuance, funding of reserves and capitalized interest during the expected construction period of the Expansion Project), pursuant to the relevant provisions of Bergeson-Peace Infrastructure and Economic Development Bank Act, the California Infrastructure and Economic Development Bank ("IBank") issued its Lease Revenue Bonds (California State Teachers' Retirement System Headquarters Expansion), Series 2019 (Green Bonds - Climate Bond Certified) (the "Series 2019 Bonds") in the principal amount of $272,605,000, pursuant to a Trust Agreement (the "Original Trust Agreement"), between the IBank and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"); and

WHEREAS, in order to facilitate the issuance of the Bonds, CalSTRS and IBank entered into a Site Lease, dated as of December 1, 2019 (the "Site Lease"), pursuant to which CalSTRS leased the Expansion Project and the real property on which the Expansion Project is located (the "Demised Premises") to IBank, and a Facility Lease, dated as of December 1, 2019 (the "Original Facility Lease"), pursuant to which CalSTRS leased the Demised Premises back from IBank, and pay certain base rental payments, which will be pledged to the owners of the Bonds by IBank pursuant to the Trust Agreement; and

WHEREAS, substantial completion of the Expansion (which was originally expected to occur no later than July 6, 2022) in now expected to occur in March 2023, and the cost of the Expansion Project is projected to exceed the projection thereof;

WHEREAS, staff has determined, in consultation with external bond financing experts and municipal advisors, that the issuance of an additional series of tax-exempt bonds (the "Series 2022 Bonds") by the California Infrastructure and Economic Development Bank ("IBank") would be the most cost-effective means to finance the additional costs of the Expansion Project (including costs of issuance of the Series 2022 Bonds); and

WHEREAS, in order to facilitate the issuance of the Series 2022 Bonds, IBank and the Trustee will enter into the First Supplement to Trust Agreement, dated as of December 1, 2022 ("First Supplement to Trust Agreement"), and IBank and CalSTRS will enter into a First Amendment to Facility Lease, dated as of December 1, 2022 (the "First Amendment to Facility Lease" and, together with the Original Facility Lease, "Facility Lease"), pursuant to which CalSTRS is obligated is pay certain base rental payments, which are pledged to the owners of the Series 2019 Bonds and the Series

2022 Bonds by IBank pursuant to the Trust Agreement (as supplemented by the First Supplement to Trust Agreement); and

WHEREAS, in connection with the issuance of the Series 2022 Bonds, CalSTRS will execute a Continuing Disclosure Certificate, which will describe certain informational filings required to be made from time to time by CalSTRS;

WHEREAS, the Series 2022 Bonds will be sold pursuant to a negotiated sale pursuant to a Bond Purchase Agreement or a competitive sale pursuant to a Notice of Sale (such method of sale to be determined by the State Treasurer, as agent of sale for the Series 2022 Bonds, in consultation with CalSTRS);

WHEREAS, the obligation of CalSTRS to make rental payments pursuant to the Facility Lease does not arise until substantial completion of the expansion project, and as a result of the delay in the expansion project construction, the funds deposited with the Trustee at the time the Series 2019 Bonds were issued are not expected to be sufficient to make the full August 1, 2023 payment of debt service on the Series 2019 Bonds, and debt service on the Series 2022 Bonds; and

RESOLVED, by the Teachers' Retirement Board, as follows:

1. The Board hereby finds and declares that the foregoing recitals are true and correct.

2. Subject to Section 3 of this Resolution, (a) the CalSTRS Chief Executive Officer or any designee thereof (each an "Authorized Officer"), acting alone, is hereby authorized and directed, for and in the name and on behalf of CalSTRS, to prepare, approve, execute and deliver (as applicable) all necessary bond documents, including the Amendment to Site Lease, the Amendment to Facility Lease, the First Supplement to Trust Agreement, the Continuing Disclosure Certificate, preliminary and final Official Statements, the Bond Purchase Agreement or the Notice of Sale, (b) the California State Treasurer is authorized to act as the agent for sale for the Series 2022 Bonds and (c) the Authorized Officer has provided the Board with a draft of the Official Statement in preliminary form to review in connection with the sale of the Series 2022 Bonds.

3. The agreements and documents described in Section 2 shall be subject to the following parameters:

    a. The Series 2022 Bonds shall be tax-exempt.

    b. The par amount of the 2022 Bonds shall not exceed $19 million;

    c. The true interest cost of the Series 2022 Bonds, as determined by the municipal advisor to CalSTRS, shall not exceed 5.25% per annum;

    d. The term of the Series 2022 Bonds, the Site Lease (as amended) and Facility Lease (as amended) shall not exceed 28years (subject to extensions of the Site Lease and Facility Lease of not to exceed ten years in the event the Series 2022 Bonds are not paid within such period) and shall terminate upon payment in full or defeasance of the Series 2022 Bonds;

e. The annual payments with respect to the Series 2022 Bonds under the First Amendment to the Facility Lease shall not exceed $1,300,000 million; and

f. If the Series 2022 Bonds are sold pursuant to a negotiated sale, the Underwriters' discount under the Bond Purchase Agreement shall not exceed 0.75% of the par amount of the Series 2022 Bonds.

4. The Chief Executive Officer or other Authorized Officer of CalSTRS, are hereby authorized and directed, jointly and severally, to do any and all things which they may deem necessary or advisable in order to consummate the transactions herein authorized and otherwise to carry out, give effect to and comply with the terms and intent of this resolution, including, but not limited to, approving and making such changes, additions and amendments or modifications, in consultation with the General Counsel of CalSTRS, to the documents such official is authorized to execute as may be necessary or advisable, procuring title insurance for the property, executing title instructions related to such leases and executing security documents related to such leases, such as subordination, non-disturbance, estoppel and similar agreements, contracts with consultants to assist with post-issuance tax and disclosure compliance entering into such other agreements and covenants in connection with the investment of bond proceeds or procurement of bond insurance not inconsistent with the provisions hereof, and executing any closing certificates or other deliverables necessary to facilitate closing of the bond financing transaction. All actions heretofore taken by the officers, employees and agents of CalSTRS with respect to the transactions set forth in Section 2 and consistent with Section 3 above are hereby approved, confirmed and ratified.

5. Staff is authorized to deposit with the bond trustee from legally available funds at the time of sale of the Series 2022 Bonds, an amount, not to exceed $13 million, sufficient to pay debt service payments due on August 1, 2023 for the Series 2019 Bonds and Series 2022 Bonds.

ADOPTED AND APPROVED this 2nd day of November, 2022.

Adopted by:
Teachers' Retirement Board
On November 2, 2022

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Cassandra Lichnock
Chief Executive Officer

Reviewed by:

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Brian J. Bartow
General Counsel