

December 7, 2010

The Compass School Council

The Compass School

537 Old North Road

Kingston, RI

AGENDA

4:00 PM Call to Order

Call to Order: Stu Santee, Council President, calls the meeting to order at 4:15 pm

Members Present: Stu Santee (SS), Elizabeth Allen (EA), Drew Virbila (DV), Tom Weber (TW) Nicole Gardner (NG), Karen O'Malley (KO), Rick Rhodes (RR)

Also present: Allen Zipke (AZ), director

Members Absent: Joy Wimsatt (JW),

Also Present: Dennis Stark (DS)

RESOLUTION TO THE COUNCIL

The following record was read by SS to the council and audience members:

WHEREAS, The Compass School (the "Institution") intends to acquire an approximately 20 acre parcel of land and improvements thereon

located at 537-549 Old North Road, Kingston, Rhode Island and adjacent areas (the “Real Property”);

WHEREAS, the Council of the Institution is authorized to declare a statement of official intent to reimbursement to expenditures on behalf of the Institution for purposes of the Federal income tax regulations governing the use of bond proceeds for reimbursement of expenditures; and

WHEREAS, Section 1.150-2 of the Treasury Regulations requires the Institution to declare its reasonable official intent to reimburse prior expenditures to the Project (hereinafter defined) with the proceeds of indebtedness.

NOW THEREFORE, pursuant to the General Laws of the State of Rhode Island and the By-Laws of the Institution, at a regular meeting, duly called, of the Council of the Institution, a quorum being present and acting throughout, the following votes are hereby adopted:

VOTED: The Institution is authorized to acquire the Real Property at a purchase price of not more than \$2,000,000.

VOTED: That the Institution borrow the proceeds of one or more series of tax-exempt Educational Institution Revenue Bonds and/or Qualified School Construction Bonds – Federally Taxable – Direct Payment and/or any other bonds (the “Bonds”) to be issued by the Rhode Island Health and Educational Building Corporation (the “Issuer”) for the purposes of financing a project (the “Project”) consisting of: (i) the acquisition of the Real Property; (ii) the acquisition, renovation, development, furnishing, equipping and improvement of the existing buildings thereon; and (iii) the payment

of certain expenses of issuance with respect to the Bonds, such borrowing not to exceed \$2,000,000 in the aggregate (such borrowing constituting the “Borrowing”).

VOTED: That the Institution acknowledges the sale by the Issuer of: (i) \$1,500,000 of the Bonds, in one or more series, to Jemima Realty LLC or such other seller of the Project or its nominee, as approved by the Issuer and an Authorized Officer and named under any of the agreements authorized by these votes and executed in connection with the issuance of the Bonds (the “Seller”); and (ii) \$500,000 of the Bonds, in one or more series, to Washington Trust Company or such other financial institution or private lender, or its nominee, as approved by the Issuer and an Authorized Officer and named under any of the agreements authorized by these votes and executed in connection with the issuance of the Bonds (either of the “Private Lender” and collectively with the Seller, the “Purchasers”)

VOTED: In order to secure the Institution’s obligations with respect to the Borrowing, the Institution is hereby authorized to enter into: (i) one or more mortgages, pursuant to which the Institution may grant a mortgage and security interest in all or any part of the Institution’s real property and any and all related personal property thereon or therein; and (ii) one or more security agreements, pursuant to which the Institution may grant a first lien, first parity lien or subordinated lien or subordinated parity lien on, and security interest in all or any part of the Institution’s personal property, owned or to be owned by the Institution, to the Issuer and/or to one or more of the Purchasers, the granting of any such mortgage and/or security interest, any such

pledge and/or any such lien, if granted, is hereby authorized without any further approval of or action by the Council of the School.

VOTED: That each Authorized Officer be, and each one of them hereby is authorized, empowered and directed to do any and all things, and to make, execute, deliver, file and record any and all agreements, instruments, papers, certificates and documents which shall be or become necessary, proper or convenient to carry out or put into effect the Borrowing, the issuance of the Bonds and grant of security including, without limitation one or more of the following agreements and documents, each to contain such provisions and to be in such form as the Authorized Officer or Officers shall determine to be necessary or appropriate, and the execution, acknowledgement and delivery of each such agreement or document by such Authorized Officer or Officers shall be conclusive evidence as to authorization by this vote:

a) A Purchase Sale Agreement (which document may be comprised of one or more documents), dated as of the date to be determined, by and among the Institution and the Seller providing for the acquisition of the Real Property;

b) One or more Loan Agreements, dated as of a date to be determined, by and among the Institution and the Issuer (collectively, the "Agreement"), which Agreement may include a grant of security interest in any and all of the personal property of the Institution;

c) One or more Mortgage and Security Agreements (which may be incorporated into the Agreement) granting a first mortgage, first parity mortgage or subordinated mortgage or subordinated parity

mortgage on, and security interest in all or any part of the Institution's real property and all related personal property thereon or therein to the Issuer and/or to one or more of the Purchasers;

d) One or more Security Agreements (which may be incorporated in the Agreement) granting a first lien, a first parity lien or subordinated lien or subordinated parity lien on, and security interest in all or any part of the Institution's personal property, owned or to be owned by the Institution, to the Issuer and/or to one or more of the Purchasers;

e) One or more Bond Purchase or Placement Agreements by and among the Issuer, the Institution and the Purchasers, pursuant to which the Issuer will agree to sell the Bonds to the Purchasers;

f) One or more Escrow Agreements (which may be incorporated into the Agreement) by and among the Institution, the Seller and an escrow agent to be named therein, pursuant to which the Institution will agree to deposit an amount equal to not less than \$100,000.00 of the Bond proceeds, to be used by the Institution to finance the acquisition, renovation, development, furnishing, equipping and improvement of existing buildings located on the Real Property;

g) Such other agreements and documents as the officer or officers executing or delivering the same determine to be necessary or appropriate to carry out the transactions contemplated by this vote, including without limitation, one or more continuing disclosure agreements.

VOTED: Any one or more of the Authorized Officers or other officers of the Institution be, and each of them singly hereby is, authorized to approve the definitive terms of the loan obligations related to the

Bonds, including the principal amount of each thereof, the purchase price, the maturities, the interest rates, and to take such further action or to cause such further action to be taken as may be necessary or appropriate to carry out the transactions contemplated by this vote and, in the name and on behalf of the Institution, to affix the corporate seal to any and all agreements or documents authorized by this vote and to attest thereto.

VOTED; That the Council hereby approves, ratifies and confirms each and every action taken by any officers, agents and employees of the Institution prior to the date hereof in furtherance of, in connection with or related to the issuance of the Bonds, the execution and delivery of the documents described above or the transactions related thereto.

VOTED: The Institution expects that it will pay certain expenditures in connection with the Project prior to the issuance of the Bonds for the Project. The Institution will pay the expenditures directly with its own funds. The Institution reasonably expects that it will reimburse itself for the use of such funds with the proceeds of bonds (taxable or tax-exempt) to be issued by the Institution. The maximum amount of bonds expected to be issued for the Project is \$2 million. This statement of official intent to reimburse constitutes a declaration of official intent under Section 1.150-2 of the Treasury Regulations.

VOTED: That the Institution is authorized to apply: (i) not less than \$100,000 of the Bond proceeds to costs associated with the acquisition, renovation, development, furnishing, equipping and improvement of existing buildings located on the Real Property; and

(ii) available monies of the Institution to pay the balance of the purchase price of the Property and expenses of issuance with respect to the Bonds.

VOTED: The following persons are designated as Authorized officers for the purpose of this Vote:

Name Position

Stuart Santee President

Elizabeth Allen Treasurer

Discussion:

RR: Why is Washington Trust specified?

SS: We've already worked with them but it does specify that there is an option to go elsewhere. Whoever takes that portion of the bonds need to agree to it.

TW: Who drew this up?

DS: Neil Pandozi of Nixon Peabody

RR: IS majority required to pass this motion?

SS: Yes, majority.

SS: This is step one. We need to do a letter of intent, a purchase and sales, where the letter of intent is incorporated.

AZ: Our yearly payments will be ever so slightly less than we currently pay and we will own the property

in favor: 7 opposed: 0 abstain: 0

motion passes

SS motions to adjourn the meeting at 4:30 pm

RR seconds

Adjourned