

**MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS OF
PHILADELPHIA AUTHORITY FOR INDUSTRIAL DEVELOPMENT**

FEBRUARY 9, 2016

Harold Yaffe, DDS; Member, presided by phone at the Meeting of the Members of the Board of Directors of the Philadelphia Authority for Industrial Development held on Tuesday, February 9, 2016, at 5:20 p.m. in PIDC's offices, Suite 2600, Centre Square West, 1500 Market Street, Philadelphia, PA.

Other Members attending:

Thomas A.K. Queenan – by phone
Evelyn Smalls – by phone
David L. Hyman, Esq. – by phone

Attending from PIDC staff:

John Grady	President
Ilene Burak, Esquire	Senior Vice President/General Counsel
Anthony Simonetta	Senior Vice President
Wanda Speight	Senior Vice President
Mary Corcoran	Assistant Secretary

Upon motion duly made and seconded the Minutes of the meeting held on January 26, 2016 were unanimously approved.

Mr. Grady requested approval of the following Resolution:

- A Resolution authorizing approval of a tax-exempt bond financing through the Philadelphia Authority for Industrial Development (“PAID” or the “Authority”), in an amount not to exceed \$20,000,000, in accordance with the terms of the form attached hereto as Enclosure 1, on behalf of KIPP Philadelphia Charter School (the “KIPP” or the “Borrower”). The proposed bonds will finance (i) the acquisition and improvements to facilities located at 2409 W. Westmoreland Street and 2539 N 16th Street (ii) working capital, (iii) a capitalized interest and debt service reserve fund, if necessary, and (iv) costs of issuance. The Westmoreland facility will house KIPP Philadelphia Elementary Academy. The 16th Street facility will be used by KIPP Philadelphia Charter School. The appropriate officers of PAID are hereby authorized and empowered to execute all necessary documents and agreements, and to do such other acts necessary to assist the Borrower upon such terms and conditions as they deem to be in the best interests of the Authority.

Upon motion duly made and seconded, with Mr. Hyman abstaining (stating that KIPP is a client of Kleinbard, LLC – see Enclosure 2), the Members approved the above resolution.

There being no further items presented to the Board, the meeting was adjourned.

PHILADELPHIA AUTHORITY FOR INDUSTRIAL DEVELOPMENT
(COMMONWEALTH OF PENNSYLVANIA)

BOND RESOLUTION

February 9, 2016

APPROVING THE FINANCING OF A PROJECT FOR THE BENEFIT OF KIPP PHILADELPHIA CHARTER SCHOOL; PROVIDING FOR AND AUTHORIZING THE ISSUANCE AND SALE OF ONE OR MORE SERIES OF THE AUTHORITY'S REVENUE BONDS TO FINANCE SUCH PROJECT; AUTHORIZING THE EXECUTION AND DELIVERY BY THE AUTHORITY OF SUCH DOCUMENTS AS MAY BE NECESSARY OR APPROPRIATE TO CONSUMMATE THE ISSUANCE AND SALE OF SUCH BONDS; APPROVING A PRELIMINARY OFFICIAL STATEMENT AND FINAL OFFICIAL STATEMENT; APPOINTING BOND COUNSEL; AUTHORIZING THE OFFICERS OF THE AUTHORITY TO TAKE OTHER NECESSARY OR DESIRABLE ACTION; AND REPEALING INCONSISTENT RESOLUTIONS.

WHEREAS, the Philadelphia Authority for Industrial Development (the "Authority") is authorized by the Pennsylvania Economic Development Financing Law, as amended (the "Act"), to lend funds to finance the costs of certain projects; and

WHEREAS, the Act further authorizes the Authority to issue revenue bonds or notes for the purposes of defraying the cost of any such project and all incidental expenses incurred in issuing such bonds and to secure the payment of such bonds as provided by the Act; and

WHEREAS, KIPP Philadelphia Charter School (the "Borrower") has requested the Authority to issue up to \$20,000,000 aggregate principal amount of its bonds or notes (the "Bonds"), in one or more series in order to finance a project (the "Project") consisting generally of: (i) the acquisition of 2409 W. Westmoreland Street, Philadelphia, PA 19129 (the "Westmoreland Building"); (ii) the acquisition of 2539 N. 16th Street, Philadelphia, PA 19132 (the "16th Street Building"); (iii) renovations and improvements to the Westmoreland Building and the 16th Street Building; (iv) other miscellaneous capital improvements and equipment acquisition for the Borrower's facilities; (v) funded interest on the Bonds, if any, working capital expenditures related to the above-described capital projects, if any, and a deposit to a debt service reserve fund; and (vi) costs of issuance of the Bonds; and

WHEREAS, the Authority proposes to sell the Bonds to Robert W. Baird & Co. (the "Underwriter") pursuant to a bond purchase contract (the "Purchase Contract") among the Authority, the Borrower and the Underwriter; and

WHEREAS, the Bonds will be issued pursuant to a Loan and Trust Agreement (the “Agreement”) among the Authority, the Borrower and a trustee (the “Trustee”) to be selected by the Authority upon the recommendation of the Borrower; and

WHEREAS, the Authority will loan the proceeds of the Bonds to the Borrower pursuant to the Agreement, and the Borrower will agree, among other things, pursuant to the Agreement, to make timely loan repayments in amounts equal to the principal of, premium, if any, and interest due on the Bonds; and

WHEREAS, the obligations of the Borrower under the Agreement will be guaranteed under a guaranty (the “KASC Guaranty”) by KIPP Administrative Services Corporation (“KASC”), an affiliate of the Borrower; and

WHEREAS, the Borrower and certain affiliates of the Borrower may, in connection with or following the issuance of the Bonds, enter into a master trust indenture with a master trustee to be selected by the Borrower and issue one or more master notes (each a “Master Note”) to secure the Borrower’s obligations under the Agreement; and

WHEREAS, a public hearing has been held on behalf of the Authority in accordance with the requirements of Section 147(f) of the Internal Revenue Code of 1986, as amended (the “Code”), and the Authority will request the Mayor of the City of Philadelphia, Pennsylvania to approve the issue of the Bonds prior to their delivery; and

WHEREAS, the Authority desires to authorize the issuance, execution and delivery of the Bonds, and the execution and delivery of the documents, agreements and certificates further described herein and the undertaking of the Project, and desires to authorize any officer of the Authority to execute such documents, agreements and certificates on behalf of the Authority as shall be necessary or appropriate to issue the Bonds and to finance the Project.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF THE AUTHORITY AS FOLLOWS:

1. Approval of the Project. In accordance with the purposes and objectives of the Act, the Authority hereby finds, determines and declares that financing the Project will be a “project” within the meaning of that term as defined in the Act, and approves of and undertakes the financing of the Project as described in the preambles of this Resolution, subject to such modifications as the Authority shall approve with the advice of its counsel.

2. Authorization and Execution of the Bonds; Loan to Borrower.

(a) In order to provide funds to pay the costs of the Project, the Authority is hereby authorized to issue the Bonds in aggregate principal amount of up to \$20,000,000, in one or more series, upon the terms and conditions further approved hereby.

(b) The issuance of the Bonds in one or more series is hereby approved, each series to bear interest on a tax-exempt or taxable basis, as advised by bond

counsel. Each series of the Bonds shall be designated as approved by an officer of the Authority (such approval to be evidenced by execution of the Bonds) with appropriate subseries designation if required.

(c) The Bonds shall be special obligations of the Authority payable only out of the payments made by the Borrower under the Agreement. The Bonds shall not be in any way a debt or liability of the Commonwealth of Pennsylvania (the “Commonwealth”), the City of Philadelphia, Pennsylvania (the “City”) or of any political subdivision thereof and shall not create or constitute any indebtedness, liability or obligation of the Commonwealth, the City or any political subdivision, legal, moral or otherwise, nor shall the Bonds be payable out of any funds, revenues or properties of the Authority other than those pledged therefor. No taxing power of the City, the Commonwealth or any other political subdivision thereof is pledged to the payment of the principal or purchase price of the Bonds or interest thereon or any premium or other cost incident thereto. The Authority has no taxing power.

(d) The officers of the Authority are hereby authorized to approve the form, exact principal amount, maturity dates, interest rates, redemption provisions and other terms of each series of the Bonds, on the advice of its counsel and bond counsel, such approval to be conclusively evidenced by the execution of the Bonds as provided below.

(e) Any officer of the Authority is hereby authorized to execute the Bonds by manual or facsimile signature; any officer of the Authority is hereby authorized to attest by manual or facsimile signature and to affix the seal of the Authority on the Bonds (which is hereby authorized to be impressed or imprinted on the Bonds); and following such execution, the officers of the Authority are hereby authorized to deliver or to cause to be delivered the Bonds to the Underwriter against receipt of the purchase price plus accrued interest, if any, specified in the Purchase Contract, and to deposit and disburse such purchase price as provided in the Agreement.

(f) The proceeds of the Bonds shall be loaned to the Borrower to finance the Project, including reimbursement of the Borrower for costs paid by the Borrower prior to the issuance of the Bonds. The Agreement shall provide for the Borrower to make loan repayments in amounts sufficient to, among other things, meet the debt service requirements on the Bonds and any fees or other amounts due the Authority with respect to the Bonds.

3. Authorization of Purchase Contract. The Authority is hereby authorized to enter into the Purchase Contract with the Underwriter and the Borrower providing for the sale of the Bonds to the Underwriter at negotiated sale, at such price, plus accrued interest, if any, and on such other terms as may be mutually agreed upon by all such parties. The Purchase Contract shall be in such form as may be approved by an officer of the Authority, on the advice of its counsel and bond counsel, such approval to be conclusively evidenced by the execution of the Purchase Contract by such officer.

4. Authorization of Agreement. The Authority is hereby authorized to enter into the Agreement with the Borrower and the Trustee. The Agreement shall be in such form as

may be approved by an officer of the Authority, on the advice of its counsel and bond counsel, such approval to be conclusively evidenced by the execution thereof by such officer. The Authority is hereby authorized to assign, transfer and pledge to the Trustee substantially all of its rights under the Agreement, the KASC Guaranty and/or any applicable Master Note, except for certain reserved rights as set forth therein.

5. Approval of Preliminary Official Statement and Official Statement. The Authority hereby authorizes the distribution by the Underwriter of a Preliminary Official Statement (the “Preliminary Official Statement”) setting forth certain information relating to the Authority, the Borrower, the Project and the Bonds. The form of the Preliminary Official Statement shall be as approved by an officer of the Authority upon advice of counsel to the Authority and bond counsel. Any of the officers of the Authority are hereby authorized to “deem final” the Preliminary Official Statement for purposes of Rule 15c2-12 of the Securities Exchange Act of 1934, as amended. A final Official Statement (the “Official Statement”), with such changes from the Preliminary Official Statement as approved by an officer of the Authority upon advice of counsel to the Authority and bond counsel shall be used by the Underwriter in connection with the offer and the sale of the Bonds. The Authority hereby authorizes the Underwriter to distribute the Official Statement in connection with the offer and sale of the Bonds.

6. Execution and Delivery of Documents. Any officer of the Authority is hereby authorized to execute and deliver, in the name of the Authority and on its behalf, the following documents and to approve the final form and substance thereof, and any amendments or supplements thereto before or after the initial execution and delivery thereof, such approvals to be conclusively evidenced by the execution thereof, and any officer of the Authority is hereby authorized to affix to all of the following documents the seal of the Authority and to attest to the same:

- (a) the Agreement and the Purchase Contract;
- (b) the Official Statement;
- (c) any assignment of its rights under the Agreement, the KASC Guaranty and/or any Master Note;
- (d) such other documents, agreements, assignments, mortgages, security agreements, financing statements, instruments and certifications (including a Federal Tax Certificate and I.R.S. Form 8038), as the executing officer determines to be reasonable and appropriate to provide for the issuance of the Bonds and to complete the financing for the Project as authorized by this Resolution.

7. Appointment of Bond Counsel. Cozen O’Connor is hereby appointed as bond counsel to the Authority for the issuance of the Bonds.

8. Dating of Bonds and Documents. Any officer of the Authority is hereby authorized to approve the dated date for each series of the Bonds and all other documents authorized hereby, such approval to be conclusively evidenced by the execution of the Bonds and such other documents as authorized hereby.

9. Binding Effect of Covenants and Agreements. All covenants, obligations and agreements of the Authority set forth in this Resolution and in the documents authorized hereby shall be deemed to be the covenants, obligations and agreements of the Authority to the full extent authorized or permitted by law, and all such covenants, obligations and agreements shall be binding upon the Authority and its successors from time to time and upon any board or body to which any powers or duties affecting the same shall be transferred by or in accordance with law. Except as otherwise provided in this Resolution, all rights, powers and privileges conferred and duties and liabilities imposed upon the Authority or the members thereof by the provisions of this Resolution or the documents authorized hereby shall be exercised or performed by such members, officers or other representatives of the Authority as may be required or permitted by law to exercise or perform the same. No covenant, obligation or agreement herein contained or contained in any documents authorized hereby shall be deemed to be a covenant, obligation or agreement of any member, officer, agent or employee of the Authority in his or her individual capacity and neither the members of the Authority nor any officer executing the Bonds, the Agreement, the Purchase Contract or any other document authorized by this Resolution shall be liable personally thereunder or be subject to any personal liability or accountability by reason of the execution and delivery thereof.

10. Further Action. Any officer of the Authority is hereby authorized and directed to execute such further documents and do such further things as may be necessary or proper to carry out the intent and purpose of this Resolution or any document herein authorized.

11. Repeal of Inconsistent Resolutions. All prior resolutions or parts thereof inconsistent herewith are hereby repealed to the extent of such inconsistency.

12. Effective Date. This Resolution shall take effect immediately.

CERTIFICATE OF SECRETARY

The undersigned, (Assistant) Secretary of the Philadelphia Authority for Industrial Development (the "Authority"), hereby certifies that the foregoing is a true and correct copy of the Resolution which was adopted by a majority vote of the Authority, at a special meeting thereof held after due public notice as required by law, on February 9, 2016.

(SEAL)

BY: _____
(Assistant) Secretary

February 9, 2016

Mr. John S. Grady, President
Philadelphia Industrial Development Corporation
2600 Centre Square West, 1500 Market Street
Philadelphia, PA. 19102

Ms. Joan Decker
Records Commissioner
Department of Records
Room 156, City Hall
Philadelphia, PA. 19107

RE: Potential Conflicts of Interest - Chapter 20-600 Philadelphia Code

Dear Ms. Decker:

I am a Member of the Board of Directors of the Philadelphia Authority for Industrial Development (PAID). I am also Managing Partner of the law firm of Kleinbard LLC.

I participated in a meeting of the PAID Board on February 9, 2016 and disclosed that Kleinbard LLC represents KIPP Philadelphia Charter School and I, therefore, announced my disqualification from consideration of a Resolution authorizing PAID to provide tax-exempt bond financing, in an amount not to exceed \$20,000,000, on behalf of KIPP Philadelphia Charter School (the "KIPP" or the "Borrower"). The proposed bonds will finance (i) the acquisition and improvements to facilities located at 2409 W. Westmoreland Street and 2539 N 16th Street (ii) working capital, (iii) a capitalized interest and debt service reserve fund, if necessary, and (iv) costs of issuance. The Westmoreland facility will house KIPP Philadelphia Elementary Academy. The 16th Street facility will be used by KIPP Philadelphia Charter School.

Sincerely,

DAVID L. HYMAN, ESQUIRE

DLH/mac