RESOLUTION NO. 07-14

RESOLUTION OF THE CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK APPROVING INFRASTRUCTURE STATE REVOLVING FUND PROGRAM FINANCING NOT TO EXCEED $600,000 FOR THE PLACER COUNTY REDEVELOPMENT AGENCY

WHEREAS, staff of the California Infrastructure and Economic Development Bank ("Staff" and "I-Bank," respectively) has determined that the Placer County Redevelopment Agency ("Borrower") submitted a timely and complete application ("Application") requesting Infrastructure State Revolving Fund ("ISRF") Program financing for the Minnow Avenue Public Parking Lot Project ("Project");

WHEREAS, Staff has determined that the Borrower-proposed financing and Project meet all eligibility requirements contained in Government Code Section 63000 *et seq.* ("Act") and the Criteria, Priorities and Guidelines ("Criteria") for the ISRF Program;

WHEREAS, the Borrower may pay certain expenditures (the "Reimbursable Expenditures") in connection with the Project prior to the issuance by the I-Bank of indebtedness for the purpose of financing costs associated with the Project on a long-term basis;

WHEREAS, the I-Bank reasonably expects that a portion of tax-exempt bonds in an aggregate amount not expected to exceed $600,000 will be issued to finance the costs of the Project and that certain of the proceeds of the tax-exempt bonds will be used to reimburse the Reimbursable Expenditures; and

WHEREAS, Section 1.150-2 of the Treasury Regulations requires the I-Bank to declare its reasonable official intent to reimburse Reimbursable Expenditures for the Project with proceeds of a subsequent borrowing.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the California Infrastructure and Economic Development Bank ("Board"), as follows:

Section 1. Based upon information presented at the meeting where adoption of this resolution was presented and the staff report presented to the Board, the Board makes the following findings:

(a) Borrower meets the definition of "sponsor" pursuant to Government Code Section 63010 (u) and is thus an eligible recipient of financing;

(b) The Project meets the definition of "public development facility" pursuant to Government Code Section 63010(q) and is thus an eligible project to be financed;

(c) The categories of Project costs proposed to be paid with ISRF Program funds meet the definition of "Costs" pursuant to Government Code Section 63010(f) and thus are eligible for ISRF Program financing;

(d) Borrower adopted a resolution consistent with the requirements of Government Code Section 63041;

(e) Borrower meets the "need for I-Bank financing" and "readiness to proceed" criteria contained in the Criteria;

(f) Borrower and Project are eligible for tax-exempt financing under Federal law, without an allocation of private activity bond volume cap as required in the Criteria;

(g) The Project will not result in a "business relocation" as defined in the Criteria;

(h) The proposed financing complies with the underwriting criteria and sources of loan repayment specified in the Criteria; and

(i) The proposed Project is financially feasible, with all Project funding sources identified and committed.

Section 2. The provision of ISRF Program funds to the Borrower are consistent with the terms and conditions specified in Attachment A to this resolution is hereby approved. The Chair or the Executive Director and the Secretary are authorized to execute all documents, certificates and other written agreements reasonably necessary to effectuate the described financing. The authority to execute financing documents shall expire automatically two hundred and ten (210) days from the adoption of this resolution.

Section 3. This resolution does not constitute a commitment to finance the Project, but instead sets forth the terms and conditions that shall be contained in the financing agreement with the Applicant. It is the understanding that the financing agreement will require considerable conditions and agreements on the part of the Borrower in order to adequately protect the interests of the I-Bank. Attachment A is meant solely to call out terms and conditions specific to this financing, and is not meant as a listing of conditions of sufficient specificity to constitute a commitment to finance.

Section 4. This resolution is adopted for purposes of establishing compliance with the requirements of Section 1.150-2 of the Treasury Regulations. This resolution does not bind the I-Bank to make any expenditure, incur any indebtedness, or proceed with the financing of the Project.

Section 5. All of the Reimbursable Expenditures covered by this resolution were made not earlier than 60 days prior to the date of this resolution.

Section 6. The Board hereby declares its reasonable official intent to use proceeds of tax-exempt bonds to reimburse the Borrower for the Reimbursable Expenditures.

Section 7. This resolution shall take effect from and after its adoption.

PASSED, APPROVED, AND ADOPTED at a meeting of the Board of Directors of the California Infrastructure and Economic Development Bank on May 22, 2007 by the following vote:

AYES: Heidig, Lujano, Arnold, Harvey

NOES: None

ABSENT: Rice

ABSTAIN: None

By: _____
Stanton C. Hazelroth, Executive Director

ATTEST

By: _____
Roma-Cristia Plant, Secretary

ATTACHMENT A

1. **Borrower:** Placer County Redevelopment Agency.
2. **Amount of Financing:** Not to exceed an amount of $600,000.
3. **Maturity:** Not to exceed 30 years.
4. **Funding Availability:** I-Bank's financing commitment is subject to the availability of funds from either, or a combination of, proceeds of a revenue bond issue or I-Bank equity funds.
5. **Repayment/Security:** Senior lien on parity with CIEDB BO4-059 and on parity with the North Lake Tahoe Redevelopment Project Tax Allocation Bonds, 2006 Series A, on the North Lake Tahoe Redevelopment Project Area tax increment revenues.
6. **Interest Rate:** 67% of Thompson's Municipal Market Data Index for an "A" rated tax-exempt security with a weighted average life similar to the I-Bank financing based on the rates on May 1, 2007.
7. **Fees:** Financing origination fee of .85% of the I-Bank financing or $10,000, whichever is greater, and an annual fee of .3% of the outstanding principal balance.
8. **Type of Financing Agreement:** Tax Allocation Loan Agreement.
9. **Financing Agreement Covenants:**
   a. I-Bank financing in senior lien position on parity with CIEDB B04-059 and on parity with the North Lake Tahoe Redevelopment Project Allocation Bonds, 2006 Series A, with a covenant allowing:
      i. No senior debt.
      ii. Additional parity debt if net tax increment revenues based on the current finalized assessment rolls, as reflected in an independent fiscal consultant's report, will provide a 1.10 times maximum annual debt service coverage for parity debt, and a 1.00 times aggregate maximum annual debt service, inclusive of the proposed parity debt. The payment dates on the additional parity debt must match the payment dates on the I-Bank financing.
      iii. Additional subordinate debt if net tax increment revenues based on the current finalized assessment rolls, as reflected in an independent fiscal consultant's report, will provide a 1.00 times aggregate maximum annual debt service, inclusive of the proposed subordinate debt. The payment dates on the proposed subordinate debt must match the payment dates on the I-Bank financing.
   b. The Agency may request to prepay all or a portion of the financing amount. A request for a reduction is considered a prepayment. The I-Bank shall respond promptly to any prepayment request and shall make every effort to accommodate the request, subject to the prepayment restrictions of the bonds to which this financing is pledged. Notwithstanding the above, the Agency shall be authorized to prepay all or a portion of the outstanding principal balance according to the following: 102% of the outstanding principal balance if the prepayment date is on or after ten years, but less than eleven years, from the effective date of the financing agreement; 101% of the outstanding principal balance if the prepayment date is on or after eleven years, but less than twelve years, from the effective date

of the financing agreement; or, without premium if the prepayment date is twelve years or more from the effective date of the financing agreement. The Agency may on any date provide for a legal defeasance of the principal amount outstanding and any additional payments then due.

c. An agreement by the Agency to indemnify I-Bank and its directors, officers and employees from any liability arising from the Loan Agreement or from construction or operation of the Infrastructure Project.

10. **Conditions Precedent to Agreement Execution by I-Bank:**

a. Adopted Agency and Placer County resolutions authorizing the execution and delivery of the Tax Increment Loan Agreement and approving certain other matters in connection therewith.

b. Evidence that the I-Bank financing will be a senior pledge on parity with Placer County Redevelopment Agency-North Lake Tahoe Redevelopment Project, Tax Allocation Bonds, 2006 Series A.

c. Evidence that the Agency has received an opinion of Bond Counsel stating, as per requirements of the Indenture of the Placer County Redevelopment Agency-North Lake Tahoe Redevelopment Project, Tax Allocation Bonds, 2006 Series A, Section 3.05(a)(vii), (i) that the Supplemental Indenture relating to the Parity Debt is valid and enforceable in accordance with its terms (ii) that such Supplemental Indenture creates a valid pledge of that which it purports to pledge, and (iii) that the total principal amount of Parity Debt to be issued or incurred and then Outstanding will not exceed any limit imposed by law.

d. Receipt of an opinion of legal counsel to the Agency that the Agency has the legal authority to enter into the I-Bank Loan Agreement, that there is no litigation currently pending or threatened that would in any way affect pledged tax increment revenues, and that the Agreement is a legal, binding and enforceable agreement of the Agency.

e. Documentation acceptable to the I-Bank that the Agency has complied with Section 3.05 of the Indenture between the Placer County Redevelopment Agency (North Lake Tahoe Redevelopment Project) and the Bank of New York Trust Company N.A. relating to the Tax Allocation Bond, 2006 Series A.

f. Documentation acceptable to the I-Bank that the Agency has complied with the parity debt test contained in the Tax Allocation Loan Agreement between the I-Bank and The Agency dated March 1, 2005.

g. Documentation acceptable to the I-Bank that the Tahoe Regional Planning Agency has granted acknowledgement of its permit, and has satisfactorily conducted a pre-grading inspection

11. **Conditions Precedent to Initial Disbursement:** The following are some of the conditions, which will be required precedent to the initial disbursement of I-Bank funds:

a. Execution by the Agency of a Tax Increment Loan Agreement and Tax Certificate consistent with the terms contained herein.

b. Certification by the Agency that the Project is in compliance with the adopted Redevelopment Plan.

c. Evidence of workers' compensation insurance covering all Agency employees.

d. Evidence acceptable to the I-Bank that the County loans to the Agency are subordinate to the I-Bank financing.

12. **Conditions Precedent to Initial Construction Disbursement:**
    a. Certification by the Agency's Director or Agency legal counsel that all required permits has been obtained for the construction of the Project.
    b. A written statement by the Agency's Director or Agency legal counselor other individual acceptable to I-Bank that:
        i. All construction contracts and subcontracts necessary for the construction of the applicable Project component have been awarded, and were awarded pursuant to competitive bidding and Agency procedures normally required for similar construction projects.
        ii. Project costs for the applicable Project component are consistent with the Sources and Uses listed in this staff report; and
        iii. All prime contracts require the contractor to maintain appropriate builder's risk insurance and name the Agency as additional insured and loss payee, require the contractor to maintain liability insurance and name the Agency as an additional insured, and include performance and payment bond provisions and name the Agency as additional payee.
        iv. All construction contracts are let to the lowest responsible bidder at a fixed price subject to increase only for allowable extra work, change orders approved the Agency, and damages or delays authorized by the laws of the State.
        v. All contracts and subcontracts require payment of prevailing wage rates and compliance with Chapter 1 (commencing with Section 1720) of Part 7 of Division 2 of the California Labor Code;
        vi. All construction contracts require payment of workers' compensation insurance by contractors and subcontractors.
        vii. All construction contracts include the nondiscrimination provisions.
13. **Conditions Precedent to Final Disbursement:** The following are some of the conditions precedent to final disbursement of I-Bank funds:
    a. Recorded Project Notice of Completion.
    b. Lien waivers for the Project, or passage of the applicable statutory time periods for filing mechanics and other similar liens.
    c. Certification that the Project has been completed in accordance with the approved plans and specifications, and that the completed Project is consistent with the definition of Project in this staff report and is acceptable to the Agency.
    d. Project operating permits. If applicable.
14. **Financial and Other Reporting Requirements:**
    a. Audited annual Agency financial statements, due within 210 days of fiscal year end, or such other time that is acceptable to I-Bank.
    b. Other reasonable information as I-Bank may request from time to time.