

RESOLUTION NO. 14-04

RESOLUTION OF THE CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK BOARD OF DIRECTORS PROVIDING FINAL APPROVAL OF AN INFRASTRUCTURE STATE REVOLVING FUND PROGRAM FINANCING IN AN AMOUNT NOT TO EXCEED \$3,050,000 TO THE CITY OF REDLANDS

WHEREAS, the California Infrastructure and Economic Development Bank (the “I Bank”) established and existing pursuant to the Bergeson-Peace Infrastructure and Economic Development Bank Act (California Government Code Section 63000 and following) (the “I Bank Act”), for the purpose of, among other things, providing financial assistance to eligible projects; and

WHEREAS, the City of Redlands (the “Applicant”) has submitted an application for financing under the Infrastructure State Revolving Fund Program (the “ISRF Program”) (the “Application”) requesting \$3,050,000 for financing eligible costs for a portion of the City’s Pavement Accelerated Repair Implementation Strategy Project (“PARIS Project”) , as described more fully in Attachment A hereto (the “Streets Project”); and

WHEREAS, the Applicant and the Streets Project meet all applicable eligibility requirements, for infrastructure projects, mandated by the IBank Act and by the Amended and Restated Criteria, Priorities and Guidelines for the Selection of Projects for Financing under the ISRF Program, adopted on October 29, 2013 (the “Criteria”); and

WHEREAS, pursuant to Federal tax law, any funds incurred or expended by the Applicant for the purpose of financing costs associated with the Streets Project on a long-term basis using proceeds of tax-exempt obligations may be reimbursed from the proceeds of the ISRF Financing (as defined below) provided that the conditions of Federal tax law are met (the “Reimbursable Expenditures”).

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

Section 1. The above recitals are true and correct.

Section 2. Pursuant to this resolution (this “Resolution”), the IBank authorizes and approves providing a financing under the ISRF Program in principal amount not to exceed \$3,050,000 to the Applicant for the costs of the Streets Project (the “ISRF Financing”), subject to the execution of a financing agreement between the IBank and the Applicant (the “Financing Agreement”). Such Financing Agreement shall reflect the Board-approved financing terms and conditions as set forth in Attachment B to this Resolution.

Section 3. All actions heretofore taken by the officers and employees of the IBank with respect to the approval of the ISRF Financing are hereby approved, confirmed and ratified. The IBank’s Executive Director (the “Executive Director”) or the Executive Director’s assignees, and each of their authorized, designees, deputies, agents and counsel each acting

PASSED, APPROVED, AND ADOPTED at a meeting of the Board of Directors of the California Infrastructure and Economic Development Bank on May 20, 2014, by the following vote:

AYES: LUCHETTI, ORTEGA, JIMENEZ

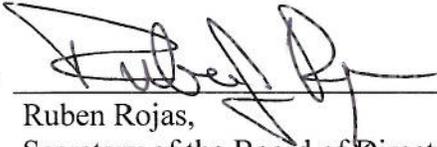
NOES: FOWLER

ABSENT: ROSSI

ABSTAIN:

By: 
Teveia R. Barnes, Executive Director

ATTEST

By: 
Ruben Rojas,
Secretary of the Board of Directors

ATTACHMENT A

Description of the Project

The Streets Project for the City of Redlands (“City”), relating to approximately 40 lane miles of public streets in the City, consists of the following components:

- Pavement upgrading.
- Reconstruction and rehabilitation of City streets.
- Street improvements that are identified in the City’s Pavement Management Program (PMP).
- Street improvements that are identified in the City’s Pavement Accelerated Repair Implementation Strategy (PARIS).
- Other components necessary or desirable in connection with an infrastructure project of this type and that are consistent with the applicable requirements of the IBank Act and the Criteria.

ATTACHMENT B

Financing Terms and Conditions

1. **Applicant/Borrower:** City of Redlands
2. **Project:** City of Redlands Streets Project
3. **Amount of Financing:** \$3,050,000
4. **Maturity:** Not to exceed 20 years.
5. **Repayment/Security:** Lien on the Solid Waste Enterprise Fund net revenues on parity with 2013A Bonds.
6. **Interest Rate:** 3.01%
7. **Fees:** Financing origination fee of 1.00% of the I-Bank financing and an annual fee of 0.30% of the outstanding principal balance.
8. **Reserve Account:** If future parity debt is issued requiring a reserve account, City to fund a reserve account for the subject debt in an amount equal to the reserve requirement of the parity debt.
9. **Not an Unconditional Commitment:** If approved by the Board, the I-Bank's resolution shall not be construed as an unconditional commitment to finance the Streets Project, but rather IBank approval pursuant to the Resolution is conditioned upon entry by the IBank and the City into a financing agreement, in form and substance satisfactory to the I-Bank and its counsel.
10. **Limited Time:** If approved by the Board, the Board's approval expires 180 days from the date of its adoption. Thus, the Borrower and the I-Bank must execute a financing agreement no later than 180 days from such date. Once the approval has expired, there can be no assurances that the I-Bank will be able to grant the loan to the Borrower or consider extending the approval period.
11. **Financing Agreement Covenants:** The Financing Agreement shall include, among other things, the following covenants:
 - a. Rates and charges shall be maintained sufficient to ensure 1.25 times aggregate annual debt service ratio for all parity obligations.
 - b. Solid Waste Fund net revenues may be pledged on a parity basis with the ISRF Program financing for future financing if net revenues (adjusted for rate increases and system expansion) will provide future aggregate debt service coverage of 1.25 times maximum annual debt service on all parity debt, inclusive of the proposed financing.
 - c. Issuance of future debt senior to the subject debt is prohibited.
 - d. Borrower compliance with all applicable laws, regulations and permitting requirements associated with public works projects.
 - e. Annual Borrower audited financial statements, due to the I-Bank within 240 days of fiscal year end as well as other information as the I-Bank may request from time to time.
 - f. Annual Borrower certifications demonstrating compliance with foregoing covenants as well as other terms and conditions of financing agreement.