RESOLUTION NO. 15-11

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 $3,535,354 FOR THE CITY OF DEL MAR

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

WHEREAS, the City of Del Mar (the "Borrower") is seeking financing under the Infrastructure State Revolving Fund Program (the "ISRF Program") and is requesting an amount not to exceed $3,535,354 to finance eligible project costs associated with (i) the construction of a sewerage force main pipeline, and (ii) the rehabilitation and replacement of gravity-flow sewerage pipelines throughout the City of Del Mar, as more fully described in Attachment A hereto (the "Project"); and

WHEREAS, the Borrower and 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, as may be amended from time to time (the "Criteria"), except that revenues derived from one of the system ratepayers, the 22nd District Agricultural Association, amounts to 15.29% of the total system revenues, which exceeds the 15% guideline (the "15% Guideline") of the Underwriting Guidelines for Water/Sewer Enterprise Fund Secured Debt set forth in the Criteria; and

WHEREAS, pursuant to the Criteria the IBank Board of Directors (the "Board") holds the authority to waive Criteria requirements as necessary to accommodate complex or unusual transactions and intends to waive compliance with the 15% Guideline to accommodate the IBank's financing of the Project; and

WHEREAS, pursuant to the provisions of the Internal Revenue Code of 1986, as amended, and those U.S. Treasury Regulations implementing such provisions (collectively, "Federal Tax Law"), any funds incurred or expended by the Borrower for the purpose of financing costs associated with the Project on a long-term basis using proceeds of tax-exempt bonds or other tax exempt obligations may be reimbursed from the proceeds of the ISRF Financing (as defined below) provided that the applicable requirements 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 as follows:

Section 1. The above recitals are true and correct.

Section 2. Pursuant to this resolution (this "Resolution"), the Board authorizes and approves providing a financing under the ISRF Program in principal amount not to exceed $3,535,354 to the Borrower for the costs of the Project (the "ISRF Financing"), subject to the execution of a financing agreement between IBank and the Borrower and associated loan documentation (collectively, the "Financing Agreement"). Such Financing Agreement shall reflect the Board-approved financing terms and conditions set forth in Attachment B hereto.

Section 3. All actions heretofore taken by the officers and employees of IBank with respect to the consideration and approval of the ISRF Financing are hereby approved, confirmed and ratified. 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 alone, is hereby authorized and directed, jointly and severally, to perform their duties, provide funding, take actions and execute and deliver the Financing Agreement and any and all other financing documents and instruments which they or counsel to IBank may deem necessary or desirable in order to (i) effect the financing of the Project; (ii) facilitate the transactions contemplated by the ISRF Financing; and (iii) to otherwise to effectuate the purposes of this Resolution.

Section 4. This Resolution shall not be construed as an unconditional commitment to finance the Project, but rather IBank approval pursuant to this Resolution is conditioned upon entry by IBank and the Borrower into a Financing Agreement, in form and substance satisfactory to IBank and its counsel, within 180 days from the date of its adoption. Such satisfaction is conclusively evidenced by the IBank's execution and delivery of same.

Section 5. For purposes of assisting the Borrower in seeking reimbursement for any Reimbursable Expenditures pursuant to Federal Tax Law, the Board hereby declares its reasonable official intent to use proceeds of tax-exempt bonds to reimburse the Borrower for any such Reimbursable Expenditures. This declaration is made solely for purposes of establishing compliance with applicable requirements of Federal Tax Law. This declaration does not bind IBank to provide the ISRF Financing or to reimburse the Borrower any of its Project expenditures.

Section 6. The Board finds that waiver of the 15% Guideline is necessary and appropriate to accommodate the ISRF Financing

Section 7. This Resolution shall take effect immediately upon its adoption.

PASSED, APPROVED, AND ADOPTED at a meeting of the Board of Directors of the California Infrastructure and Economic Development Bank on June 23, 2015, by the following vote:

AYES: ROSSI, LUCHETTI, JERUE, ANNIS

NOES:

ABSENT: GORDON

ABSTAIN:

By: _____
Teveia R. Barnes, Executive Director

ATTEST

By: _____
Diane T. Cummings,
Secretary of the Board of Directors

ATTACHMENT A

Description of the Project

Generally, the Project consists of two components: (i) the construction of a sewerage force main pipeline, and (ii) the rehabilitation and replacement of gravity fed sewerage pipelines. More specifically, the Project consists of the following components:

- The construction of an approximately 1.2 mile long, ten inch diameter, pressure-flow sewerage pipeline (the "Force Main") from the City of Del Mar's 21st Street Pump Station to the City of Solana Beach's collection system at its Cedros trunk sewer. The Force Main will begin at the City of Del Mar's 21st Street pump station, run north along Camino Del Mar, east on Via de la Valle, and north on S. Cedros Avenue before connecting to the City of Solana Beach's Cedros trunk sewer at Cedros Avenue and Cofair Avenue. The Force Main alignment will include two bridge crossings, the first on Camino Del Mar in the City of Del Mar at the San Dieguito River and the second on Via de la Valle in the City of Del Mar at the railroad crossing.
- The rehabilitation and replacement of the gravity fed sewer pipelines in the City of Del Mar's 29 mile sewer system.
- 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 Del Mar
2. **Project:** Force Main Connection and City-Wide Pipeline Upgrade and Rehabilitation Project.
3. **Amount of Financing:** $3,535,354
4. **Maturity:** Twenty (20) years.
5. **Repayment/Security:** Senior lien on the City's Wastewater Enterprise Fund ("Fund") net revenues ("Net Revenues") on parity with the State Water Resources Control Board loan in the amount of $5,000,000 dated December 27, 2014 and with any outstanding 1993 Del Mar Public Facilities Corporation Certificates of Participation ("1993 COPs").
6. **Interest Rate:** 2.17%
7. **Fees:** Origination fee of 1.00% of the Financing and an annual fee of 0.30% of the outstanding principal balance.
8. **Reserve Account:** A reserve account is required by the terms of the 1993 COPs. Thus, so long as the 1993 COPs are outstanding, the City must establish and maintain a reserve account in an amount equaling Maximum Annual Debt Service ("MADS") for the IBank financing. Upon providing IBank with evidence that the 1993 COPs have been fully paid, the City will no longer be required to maintain such reserve account. However, if future parity debt is issued requiring a reserve account, City to fund an IBank reserve account in the amount required by such parity debt.
9. **Condition of disbursement**: Prior to initial disbursement, City to provide documentation evidencing either full payoff of 1993 COPs or satisfaction of conditions for parity debt in accordance with 1993 COPs documents.
10. **Waiver:** Board waiver of ISRF Program Criteria requiring revenues derived from any single ratepayer not to exceed 15% of system revenues.
11. **Not an Unconditional Commitment:** If approved by the Board, IBank's resolution shall not be construed as an unconditional commitment to finance the Force Main Connection and City-wide Pipeline Upgrade and Rehabilitation Project, but rather IBank approval pursuant to the Resolution is conditioned upon entry by IBank and the City into a financing agreement,
12. **Financing Agreement Covenants:** The Financing Agreement shall include, among other things, the following covenants:
    a. City will be required to maintain rates and charges in an amount sufficient to ensure that Net Revenues produce a minimum 1.20 times aggregate annual debt service payable from the Fund.
    b. The City will be prohibited from issuing future debt senior to IBank's financing.

c. Parity debt will be allowed if Net Revenues amount to at least 1.20 times the MADS taking into consideration the MADS payable in any Fiscal Year on the proposed parity debt.

d. Subordinate debt ("Subordinate Debt") will be allowed if Net Revenues are at least 1.00 times the sum of the MADS on all outstanding debt, payable from the Fund, including the proposed Subordinate Debt.

e. City will covenant against reducing rates below levels used for all debt service, payable from the Fund, and to take actions to increase rates or fund a rate stabilization fund if the debt service coverage ratios fall below required levels.

f. City to comply with the requirements of the Criteria and all applicable laws, regulations and permitting requirements associated with public works projects.

g. City to submit audited financial statements to IBank annually within 240 days of fiscal year end.

h. City to submit to IBank annual certifications demonstrating compliance with foregoing covenants and other terms and conditions of the financing agreement with the City's audited financial statements.

i. City to submit other information to IBank as IBank may request from time to time.