RESOLUTION NO. 15-15

RESOLUTION OF THE CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK BOARD OF DIRECTORS PROVIDING FINAL APPROVAL OF A CALIFORNIA LENDING FOR ENERGY AND ENVIRONMENTAL NEEDS CENTER FINANCING IN AN AMOUNT NOT TO EXCEED $7,692,425 FOR THE CITY OF HUNTINGTON BEACH

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 Huntington Beach (the "Borrower") is seeking financing under the California Lending for Energy and Environmental Needs Center (the "CLEEN Center") requesting $7,692,425 for financing eligible project costs of the City of Huntington Beach Streetlight Acquisition and Light-Emitting Diode (LED) Retrofit Project, as more fully described in Attachment A hereto (the "Project"); and

WHEREAS, the Borrower and Project meet all applicable eligibility requirements for projects mandated by the IBank Act and by the Criteria, Priorities and Guidelines for the Selection of Projects for IBank Financing under the CLEEN Center, adopted August 25, 2015, as amended from time to time (the "Criteria"); 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 CLEEN 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 (the "Board"), 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 CLEEN Center in principal amount not to exceed $7,692,425 to the Borrower for the costs of the Project (the "CLEEN 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 as 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 CLEEN 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 may deem necessary or desirable in order to (i) effect the financing of the Project; (ii) facilitate the transactions contemplated by the CLEEN 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, within 180 days from the date of its adoption. Such satisfaction is conclusively evidenced by 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 CLEEN Financing or to reimburse the Borrower any of its Project expenditures.

Section 6. 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 November 17, 2015, by the following vote:

AYES: AVDIS, LUCHETTI, ANNIS, ORTEGA

NOES:

ABSENT: GORDON

ABSTAIN:

By: _____
Teveia R. Barnes, Executive Director

ATTEST

By: _____
Stefan Spich
Secretary of the Board of Directors

ATTACHMENT A

Description of the Project

Generally, the Project involves the acquisition and retrofit of City of Huntington Beach streetlights. More specifically, the Project consists of the following components:

- Acquisition of Streetlights
- LED Streetlight Retrofit
- Performance testing and acceptance
- 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

1. **Application/Borrower:** City of Huntington Beach
2. **Project:** City of Huntington Beach Streetlight Acquisition and Light-Emitting Diode (LED) Retrofit Project
3. **Amount of CLEEN Center financing:** $7,692,425
4. **Maturity:** Not to exceed 10 years
5. **Repayment/Security:** General Fund Lease provides IBank with a leasehold interest on the City's Fire Station #6, Junior Lifeguard Headquarters, and the Lifeguard Headquarters (Leased Assets).
6. **Interest Rate:** 2.32%
7. **Fees:** City to pay the origination fee of 1.00%, $76,924, upon loan closing, and an annual fee of 0.30% of the outstanding balance.
8. **Not an Unconditional Commitment:** IBank's resolution shall not be construed as unconditional commitment to finance the Project, but rather IBank's approval pursuant to the resolution conditioned upon entry by IBank and the Borrower into a CLEEN Center financing agreement, in form and substance satisfactory to IBank and its counsel.
9. **Limited Time:** The Board's approval expires 180 days from the date of its adoption. Thus, the City and IBank must enter into the CLEEN Center financing agreement no later than 180 days from such date. Once the approval has expired, there can be no assurances that IBank will be able to provide the CLEEN Center financing or consider extending the approval period.
10. **CLEEN Center Financing Agreement Covenants:** Aside from usual and customary terms and conditions for this type of CLEEN Center financing, Staff recommends IBank's CLEEN Center financing agreement includes without limitation, the following additional conditions and covenants:
    a. Leased Assets must not be the subject of any litigation or material controversy.
    b. City to covenant against allowing future encumbrances against the Leased Assets.
    c. City to enter a fixed-price construction contract. Contractor must obtain payment and performance bonds, builder's risk insurance, and liability and worker's compensation insurance.
    d. City to provide to IBank CLTA or ALTA title insurance policy(ies) for each Leased Asset.
    e. City to provide IBank with a copy of any and all proposed contracts for retrofit services to enable IBank to determine that the contracts each constitute a Qualified Management Contract for federal tax law purposes.
    f. City to provide IBank with satisfactory evidence that it has obtained commercially reasonable equipment and labor warranties and that installers demonstrate the ability to fulfill warranty obligations.
    g. City to procure and maintain rental interruption insurance on each Leased Asset. Rental interruption insurance must be for a period of at least six months beyond the reasonably estimated time needed to reconstruct the Leased Asset.
    h. City to annually budget and appropriate funds sufficient to make annual lease payments and to submit a copy of its adopted annual budget to IBank within 60 days of its adoption.
    i. City to provide to IBank within 240 days of the end of each fiscal year a copy of its audited financial statements, together with an annual certificate demonstrating compliance with the foregoing covenants, as well as other information as IBank may request from time to time.