RESOLUTION NO. 15-20

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 $5,628,000 FOR THE COASTSIDE COUNTY WATER DISTRICT

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 Coastside County Water District (the "Borrower") is seeking financing under the Infrastructure State Revolving Fund Program (the "ISRF Program"), requesting $5,628,000 for financing eligible project costs associated with the replacement, rehabilitation, construction and installation of pipes and other components of the Borrower's water system, 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 Criteria, Priorities and Guidelines for the Selection of Projects for Financing under the ISRF Program, adopted on August 25, 2015 (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 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 (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 ISRF Program in a principal amount not to exceed $5,628,000 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 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 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 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 the 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 ISRF 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 December 15, 2015, by the following vote:

AYES: AVDIS, LUCHETTE, ANNIS, ORTEGA, SCHAEFER

NOES:

ABSENT:

ABSTAIN:

By: _____
Teveia R. Barnes, Executive Director

ATTEST

By: _____
William D. Pahland, Jr.,
Secretary of the Board of Directors

ATTACHMENT A

Description of the Project

The Project consists of the following components:

- Replacement of a section of deteriorated steel water pipe along Main Street, Purissima Street, Mill Street, and downtown Half Moon Bay. Approximately 420 feet of existing water pipe under Pilarcitos Creek will be replaced with high density polyethylene ("HDPE") water pipe (20-inch diameter and 16-inch diameter. Approximately 700 feet of existing water pipe will be replaced with 16-inch diameter HDPE water pipe.
- Replacement of approximately 2,100 feet of 6-inch diameter cast iron water pipe with new 6-inch diameter ductile iron water pipe along Ventura and Washington Streets in Half Moon Bay. Includes the replacement of 30 plastic service connections with copper service connections.
- Rehabilitation of a 250,000 gallon water storage tank that serves the highest elevation of El Granada.
- Construction of a new 1,500 gallon per minute booster pump station and installation of approximately 3,300 feet of 12-inch diameter ductile iron water pipe along Bridgeport Drive and Coral Reef Avenue.
- 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. **Applicant/Borrower:** Coastside County Water District
2. **Project:** Coastside County Water District System Reliability Improvements
3. **Amount of ISRF Program Financing:** $5,628,000
4. **Maturity:** Thirty (30) years
5. **Repayment/Security:** Lien on Net Revenues subordinate to the lien of the 2006B CSCDA Water Revenue Bonds, and on parity with the 2011 IBank Financing.
6. **Interest Rate:** 3.44%
7. **Fees:** District to pay an origination fee of 1.00%, $56,280, upon loan closing, and an annual fee of 0.30% of the outstanding principal balance.
8. **Not an Unconditional Commitment:** The IBank's resolution shall not be construed as an unconditional commitment to finance the Project, but rather IBank's approval pursuant to the Resolution is conditioned upon entry by IBank and the District into a ISRF Program financing agreement, in form and substance satisfactory to IBank.
9. **Limited Time:** The Board's approval expires 180 days from the date of its adoption. Thus, the District and IBank must enter into the ISRF Program 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 ISRF Program financing to the District or consider extending the approval period.
10. **ISRF Program Financing Agreement Covenants:** The financing agreement shall include, among other things, the following covenants:

    a. District 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 ratio for obligations senior to and on parity with the ISRF Program financing.
    b. The District will be prohibited from issuing future debt senior to the IBank 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 Net Revenues, including the proposed Subordinate Debt.
    e. District will covenant against reducing rates below levels used for all debt service payable from Net Revenues, and to take actions to increase rates or fund a rate stabilization fund if the debt service coverage ratios fall below required levels.
    f. District to comply with the requirements of the Criteria and all applicable laws, regulations, and permitting requirements associated with public works projects.
    g. District to submit audited financial statements to IBank annually within 240 days of fiscal year end.
    h. District to submit to IBank annual certifications demonstrating compliance with foregoing covenants and other terms and conditions of the ISRF Program financing agreement with the District's audited financial statements.
    i. District to submit other information to IBank as may be requested from time to time.
    j. In implementing rates and charges, District to covenant to ensure that its rate structure conforms to the requirements of Proposition 218 and those of the statutes implementing it and the cases interpreting it. Further, District to notify IBank immediately upon the filing of any legal challenge to its rates or charges.