RESOLUTION NO. 16-05

RESOLUTION OF THE CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK AUTHORIZING THE ISSUANCE OF TAX-EXEMPT CLEAN WATER STATE REVOLVING FUND REVENUE BONDS, SERIES 2016, IN AN AGGREGATE AMOUNT NOT TO EXCEED $500,000,000 TO PROVIDE FINANCIAL ASSISTANCE FOR AN ELIGIBLE PROJECT FOR THE BENEFIT OF THE CALIFORNIA STATE WATER RESOURCES CONTROL BOARD, PROVIDING THE TERMS AND CONDITIONS FOR SAID REVENUE BONDS AND OTHER MATTERS RELATED THERETO AND AUTHORIZING THE EXECUTION OF CERTAIN DOCUMENTS HEREIN SPECIFIED

WHEREAS, the California Infrastructure and Economic Development Bank ("IBank") is duly authorized and existing pursuant to the Bergeson-Peace Infrastructure and Economic Development Bank Act (California Government Code Section 63000 and following) as now in effect and as it may be amended or supplemented (the "Act"); and

WHEREAS, the United States of America, pursuant to the Federal Water Pollution Control Act, as amended by, among other laws and regulations, the Water Quality Act of 1987 (33 U.S.C. Section 1251 *et seq.*) (the "Clean Water Act"), requires each state to establish a water pollution control revolving fund to be administered by an instrumentality of such state as a condition to receipt of capitalization grants under the Clean Water Act; and

WHEREAS, the State has, pursuant to Chapter 6.5 (commencing with Section 13475) of Division 7 of the California Water Code, as amended (the "CWSRF Act"), established a water pollution control revolving fund (the "Clean Water SRF") to be used for purposes of the CWSRF Act and the Clean Water Act; and

WHEREAS, IBank is authorized under the Act to issue tax exempt revenue bonds to provide financial assistance to the State Water Resources Control Board (the "State Water Board") a local agency in the State of California (the "State"), through the sale, issuance and delivery by IBank of its revenue bonds; and

WHEREAS, the Bonds are to be issued pursuant to the Master Trust Indenture, dated as of November 1, 2012 (the "Master Indenture"), as supplemented by the Series 2012 Indenture, dated as of November 1, 2012 (the "Series 2012 Indenture"), and as further supplemented by the Series 2016 Indenture, dated as of April 1, 2016 (the "Series 2016 Indenture" and, together with the Series 2012 Indenture and the Master Indenture, the "Indenture"), each by and between IBank and the Treasurer of the State, as trustee (the "Trustee"); and

WHEREAS, the State Water Board has requested IBank to issue bonds to (1) provide funding to enable the State Water Board to provide financial assistance to local agencies in the State under the Clean Water SRF; and (2) pay various costs of issuance incurred in connection with the transactions described herein (the "2016 Project"); and

WHEREAS, for these purposes, the State Water Board has requested IBank (a) authorize the issuance and delivery of one or more series of its tax-exempt revenue bonds one or

more series of which bonds may be sold through a public offering (the "Bonds") pursuant to the terms set forth in **Exhibit 1** attached hereto; (b) deliver the proceeds of the Bonds to the State Water Board pursuant to the Master Payment and Pledge Agreement, dated as of November 1, 2012 (the "Master Payment and Pledge Agreement") to finance and refinance the costs of the 2016 Project, (c) to provide for the payment of the principal of, premium, if any, and interest on the Bonds with revenues derived solely from State Water Board payments made pursuant to the Master Payment and Pledge Agreement; and (d) to take and authorize certain other actions in connection with the foregoing (collectively, the "Transaction"); and

WHEREAS, the State Water Board has represented that it expects to obtain an initial rating on the Bonds of at least "A" or better from Moody's Investors Service, Standard & Poor's Ratings Services, and from Fitch Ratings; and

WHEREAS, IBank staff have reviewed drafts of certain of the documents proposed to be entered into in connection with the Transaction, including the Indenture, the Bond Purchase Agreement, one or more Official Statements (collectively, the "Transaction Documents");

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. IBank authorizes and approves the issuance, execution, sale and delivery of the Bonds on terms set forth in **Exhibit 1** and lending the proceeds of the Bonds to the State Water Board in order to finance the 2016 Project pursuant to terms and provisions as approved by this resolution (the "Resolution").

Section 3. The Executive Director of IBank (the "Executive Director") or her assignees, each acting alone, are hereby authorized to execute and deliver the Transaction Documents and any all other agreements, certificates and instruments, including without limitation, a tax regulatory agreement and other tax forms required by the Internal Revenue Service in connection with the issuance of the Bonds, a tax certificate, and other documents necessary or advisable in connection with the Transaction, which they or counsel to IBank may deem necessary or desirable to consummate the issuance and delivery of the Bonds, assign security provided by the State Water Board to the Trustee under the Indenture as security for the Bonds, consummate the Transaction, and otherwise to effectuate the purpose of this Resolution.

Section 4. All actions heretofore taken by the officers and employees of IBank with respect to the approval and, issuance, sale and delivery of the Bonds and the loan of the proceeds thereof to the State Water Board are hereby approved, confirmed and ratified. The Executive Director or the Executive Director's assignees, each acting alone, is hereby authorized to take actions and execute and deliver any and all documents, or certificates which they or counsel to IBank may deem necessary or desirable in order to (i) consummate the sale, issuance and delivery of the Bonds and the use of the Bond proceeds; (ii) to effect the financing of the 2016 Project; (iii) facilitate the Transaction; and (iv) otherwise to effectuate the purposes of this Resolution.

Section 5. Unless extended by IBank, the Board's approval of the sale, issuance and delivery of the Bonds is conditioned upon the sale of the Bonds occurring within one hundred eighty (180) days from the date of the adoption of this Resolution.

Section 6. This Resolution shall take effect immediately upon its adoption.

PASSED, APPROVED AND ADOPTED at a meeting of the California Infrastructure and Economic Development Bank on March 22, 2016, by the following vote.

AYES: AVDIS, ORTEGA, JIMENEZ, LUCHETTI

NAYS:

ABSENT: GORDON

ABSTAIN:

By: _____
Teveia R. Barnes, Executive Director

Attest:

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

Exhibit 1

Financing Terms
State Water Resources Control Board Revenue Bonds, Series 2016
Date: March 22, 2016

Bond Par Amount:	Up to $500,000,000; in one or more tax-exempt series
Type of Offering:	Public Offering in one or more series or combinations
Underwriters:	Morgan Stanley, Piper Jaffray, or such other underwriter as may be selected by the State Treasurer's Office
Credit Enhancement and Expected Credit Rating:	No Credit Enhancement; Expected Rating on the Publicly Offered Bonds of "A" or better
Interest:	Any combination of fixed interest rates, depending on market conditions on the pricing date of the Bonds, the blended rate across all of the Bonds will not exceed 8%, and in any case, the blended rate will not exceed the maximum rate permitted by law
Maturity:	Up to 31 years
Collateral:	Pledge of Pledged Project Obligations
2016 Project	IBank will assist the State Water Board by issuing bonds (1) to provide funding to enable the State Water Board to provide financial assistance to local agencies in the State under the Clean Water SRF; and (2) to pay costs of issuance