RESOLUTION NO. 16-14

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 $3,030,300 FOR THE CITY OF REDLANDS

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 Redlands, a municipal corporation, (the "Borrower") is seeking financing under the Infrastructure State Revolving Fund Program (the "ISRF Program") requesting $3,030,300 for financing eligible project costs of the City of Redlands Streets Project, 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, dated February 23, 2016 (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 $3,030,300 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 May 24, 2016, by the following vote:

AYES: LUCHETTI, ANNIS, ORTEGA, GORDON, AVDIS

NOES:

ABSENT:

ABSTAIN:

By: Teveia R. Barnes
Teveia R. Barnes, Executive Director

ATTEST

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

ATTACHMENT A

Description of the Project

Generally, the Project involves improvements to the City of Redlands' road infrastructure. More specifically, the Project consists of the following components:

- The Project includes approximately 27 lane miles of the Pavement Accelerated Repair Implementation Strategy (PARIS).
- The work includes resurfacing, upgrading, reconstructing, and rehabilitating of public streets located in major economic areas identified within the City.
- 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**: City of Redlands
2. **Project**: A Second Portion of The City of Redlands Streets Project
3. **Amount of Financing**: $3,030,300
4. **Maturity**: Not to exceed 20 years.
5. **Repayment/Security**: The Financing will be secured by and payable from net revenues (Net Revenues) of the City's Solid Waste Fund with a parity lien on such Net Revenues by the Redlands Financing Authority Solid Waste Revenue Bonds, Series 2013A and IBank Loan CIEDB No.14-105.
6. **Interest Rate**: 3.24%
7. **Fees**: Financing origination fee of 1.00%, $30,300, of the IBank 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, the City to fund a reserve account for the subject debt in an amount equal to the reserve requirement of the parity debt.
9. **Prop 218 Covenant**: Compliance with changes to the City's rate structure with the requirements of Prop 218 the statutes implementing it, and any case law interpreting it. Further, the City to notify IBank immediately upon the filing of any legal challenge to its rates or charges.
10. **Not an Unconditional Commitment**: If approved by the Board, IBank's resolution shall not be construed as an unconditional commitment to finance the Streets Project, but rather IBank's approval pursuant to the Resolution is conditioned upon entry by IBank and the City into a financing agreement, in form and substance satisfactory to IBank...
11. **Limited Time**: If approved by the Board, the Board's approval expires 180 days from the date of its adoption. Thus, the Borrower and IBank must execute a 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 grant the loan to the Borrower or consider extending the approval period.
12. **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 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 IBank within 240 days of fiscal year end as well as other information as IBank 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.