RESOLUTION NO. 16-20

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 $1,050,000 FOR THE CITY OF BIG BEAR LAKE

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 Big Bear Lake (the "Borrower") is seeking financing under the California Lending for Energy and Environmental Needs Center (the "CLEEN Center") in the amount of $1,050,000 for financing eligible project costs of the 12" Big Bear Blvd. Pipeline Replacement 2016 project as more fully described in Attachment A hereto (the "Project"); and

WHEREAS, the Borrower and the 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 on 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 a principal amount not to exceed $1,050,000 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, 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) 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's 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 120 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 September 27, 2016, by the following vote:

AYES: AVDIS, ORTEGA, GORDAN, ANNIS

NOES:

ABSENT: LUCHETTI

ABSTAIN:

By: _____
Teveia R. Barnes, Executive Director

ATTEST

By: _____
Stefan R. Spich,
Secretary of the Board of Directors

ATTACHMENT A

Description of the Project

Generally, the Project involves replacement of a water treatment and distribution pipeline, including, but not limited to, all necessary design, engineering, permitting, entitlement, construction, equipping, construction management, project administration, and general project development activities. More specifically, the Project consists of the following components:

- The replacement of approximately 4,000 LF of pipeline
- Replacement of all the water service lines connected to the Big Bear Blvd. Transmission Main
- Replacement of three fire services and eight hydrants
- Installation of approximately 200 LF of pipeline on Georgia Street and Big Bear Blvd.
- Replacement of one water service line connected to the Georgia St. Distribution Main
- 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 Big Bear Lake
2. **Project:** 12" Big Bear Blvd. Pipeline Replacement 2016
3. **Amount of Financing:** $1,050,000
4. **Maturity:** Thirty (30) years
5. **Repayment/Security:** Senior lien on Net Revenues on parity with the outstanding liens of the 1996 Water Revenue Refunding Bonds, 2010 Water Revenue USDA Bonds, 2012 Water Revenue USDA Bonds, and 2013 Water Revenue USDA Bonds.
6. **Interest Rate:** 2.70%
7. **Fees:** City to pay an origination fee of 1.00%, $10, 500, upon loan closing, and an annual fee of 0.30% of the outstanding principal balance.
8. **Not an Unconditional Commitment:** 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 City into a Financing agreement, in form and substance satisfactory to IBank.
9. **Limited Time**: The Board's approval expires 120 days from the date of its adoption. Thus, the City and IBank must enter into the Financing agreement no later than 120 days from such date. Once the approval has expired, there can be no assurances that IBank will be able to provide the Financing to the City or consider extending the approval period.
10. **ISRF Program Financing Agreement Covenants and Conditions:** The financing agreement shall include, among other things, the following covenants and conditions:

    a. The City must 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 outstanding obligations.
    b. The City will be prohibited from issuing future debt senior to the IBank financing.
    c. New parity debt permitted if Net Revenues are 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") permitted 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. The City will maintain rates sufficient 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. The City to comply with the requirements of the Criteria and all applicable laws, regulations, and permitting requirements associated with public works projects.
    g. The City to submit audited financial statements to IBank annually within 240 days of fiscal year end.
    h. The 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. The City to submit other information to IBank as may be requested from time-to-time.
    j. In implementing rates and charges, the City will covenant to ensure that its rate structure conforms to the requirements of Proposition 218. Further, the City is to notify IBank immediately upon the filing of any legal challenge to its rates or charges.
    k. City to provide to IBank an opinion of counsel as to satisfaction of the Fund's existing parity debt conditions as a condition of the Financing.