

RESOLUTION NO. 17-06

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 \$2,870,000 FOR THE HOUSING AUTHORITY OF THE COUNTY OF MONTEREY

WHEREAS, the California Infrastructure and Economic Development Bank (“IBank”) was established and is 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 Housing Authority of the County of Monterey (the “Borrower”) is seeking financing under the California Lending for Energy and Environmental Needs Center (the “CLEEN Center”) in the amount of \$2,870,000 for financing eligible project costs of the “HACM - Energy Upgrade 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 may be 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 financing under the CLEEN Center in a principal amount not to exceed \$2,870,000 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 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 180 days from the date of its adoption. Such satisfaction is conclusively evidenced by IBank's execution and delivery of the 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 April 25, 2017, by the following vote:

AYES:

NOES:

ABSENT:

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 the design and construction of solar energy and energy efficiency improvements in and around the Borrower's headquarters, located in Salinas, California, including, but not limited to, all necessary architecture, engineering, permitting, entitlement, construction, equipping, machinery installation, construction management, project administration, and general project development activities. More specifically, the Project consists of the following components:

- Replacing the existing roof system with a more energy efficient roof system;
- Upgrading the Heating, Ventilating and Cooling System;
- Installing a roof-mounted solar energy system;
- Installing a solar energy system in the parking lot, including the construction of a solar panel structural support system; and
- Other components necessary or desirable in connection with a 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:** Housing Authority of the County of Monterey (HACM)
2. **Project:** HACM- Energy Upgrade Project
3. **Amount of Financing:** \$2,870,000
4. **Maturity:** Twenty (20) years
5. **Repayment/Security:** General Fund Lease provides IBank with a leasehold interest in HACM's headquarters building and 50% of the adjacent warehouse, both located at 123 Rico Street, Salinas, CA 93907 (Leased Asset).
6. **Interest Rate:** 3.47%
7. **Fees:** Origination fee of 1.00% of the Financing amount (\$28,700) to be paid by HACM at the time of funding 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 HACM into a 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, HACM and IBank must enter into the Financing agreement no later than 180 days from such date. Once the approval has expired, there can be no assurances that IBank would be able to provide the Financing to HACM or consider extending the approval period.
10. **CLEEN Center Financing Agreement Covenants and Conditions:** The financing agreement will require, among other things, that HACM covenant to:
 - a. Comply with all applicable requirements of the CLEEN Center Program Criteria, as well as all applicable laws, regulations and permitting requirements associated with public works projects.
 - b. Enter into a fixed-price construction contract; obtain payment and performance bonds; set aside construction contingency funds; and obtain builder's risk, liability, and worker's compensation insurance.
 - c. Budget and appropriate funds sufficient to make annual Lease payments.
 - d. Procure and maintain rental interruption insurance for a period of at least six months beyond the time needed to reconstruct the Leased Asset.
 - e. Procure a CLTA or an ALTA title insurance policy.
 - f. Not encumber further the Leased Asset.
 - g. Provide IBank within 240 days of the end of each fiscal year a copy of its audited financial statements and unaudited 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.