

RESOLUTION NO. 18-17

RESOLUTION OF THE CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK DIRECTING THE USE OF ACCRUED INTEREST IN THE CALIFORNIA INFRASTRUCTURE GUARANTEE TRUST FUND

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

WHEREAS, the Act establishes the California Infrastructure Guarantee Trust Fund (the “Guarantee Fund”) for the purposes of, among other things, insuring IBank’s debt obligations and issuing guarantees on behalf of third parties;

WHEREAS, on or about May 13, 2003, the Imperial Irrigation District (“IID”) applied to IBank for a preliminary loan guarantee commitment in connection with IID’s intent to issue up to \$150,000,000 of bonds to finance certain water conservation projects designed to maximize Colorado River water allocations;

WHEREAS, on or about May 28, 2003, the IBank Board of Directors (the “Board”) adopted Resolution 03-16, authorizing IBank’s Executive Director to transfer \$20,000,000 from the California Infrastructure and Economic Development Bank Fund to the Guarantee Fund, for the purpose of enabling IBank to issue a guarantee of IID’s potential future bond issue;

WHEREAS, on or about June 27, 2003, the Board adopted Resolution 03-18 approving a preliminary loan guarantee commitment of \$20,000,000 in favor of IID; IBank’s commitment was scheduled to expire no later than December 31, 2009;

WHEREAS, on or about December 15, 2009, the Board adopted Resolution 09-48, among other things, extending the expiration date of IBank’s preliminary loan guarantee commitment to December 31, 2010;

WHEREAS, On or about October 19, 2010, the Governor approved Senate Bill 856, Section 69 of which provided that the money transferred to the Guarantee Fund in connection with Resolution 03-18, together with all accumulated interest as of January 1, 2010, was to be held in an account entitled the “IID Guarantee Trust Account”;

WHEREAS, as of January 1, 2010, such amount of money was \$24,247,108.79 (the “IID Guarantee Commitment”);

WHEREAS, Senate Bill 856, Section 69, designated the IID Guarantee Commitment as the “reserve account requirement,” pursuant to Government Code Section 63064;

WHEREAS, Senate Bill 856’s designation of the IID Guarantee Commitment as the “reserve account requirement” effectively limited its future use to IBank’s guarantee of IID’s potential future bonds, however, Senate Bill 856 did not place any limits on IBank’s use of the interest earned on the IID Guarantee Commitment;

WHEREAS, since January 1, 2010, the IID Guarantee Commitment has accrued interest totaling \$1,088,355.39 (the “Accrued Interest”);

WHEREAS, Section 63060(a) of the Act provides that “... all money in the [Guarantee Fund] is hereby continuously appropriated to [IBank] without regard to fiscal years for the purpose of insuring all or a portion of the accounts and subaccounts within the infrastructure bank fund, any contracts or obligations of [IBank] or a sponsor, and all or part of any series of bonds issued by [IBank] ...”; and

WHEREAS, the Board desires to maximize IBank’s use of available funds for the purposes of implementing the Act, including IBank’s use of the Accrued Interest.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the California Infrastructure and Economic Development Bank, as follows:

Section 1. The Board hereby finds that the above recitals are true and correct.

Section 2. The Board hereby directs the Executive Director, or the Chief Deputy Executive Director, each in their respective individual capacity, to: (1) transfer or pledge the Accrued Interest to the reserve fund that guarantees repayment to the holders of IBank’s Infrastructure State Revolving Fund Bonds, Series, 2014, 2015, and 2016 (the “ISRF Bond Reserve”) and release from the ISRF Bond Reserve an equivalent amount of money to be used for any lawful purpose under the Act, or (2) leverage the Accrued Interest to obtain a credit enhancement that will be pledged to the ISRF Bond Reserve, release from the ISRF Bond Reserve an approximately equivalent amount of money, and use such money for any lawful purpose under the Act.

Section 3. The Board hereby delegates to the Executive Director, or the Chief Deputy Executive Director, each in their respective individual capacity, the authority to use future interest accumulating on the IID Guarantee Commitment as set forth in Section 2, above.

Section 4. The Board hereby delegates to the Executive Director, or the Chief Deputy Executive Director, each in their respective individual capacity, the authority to cause to be filed a validation action under California Civil Code Section 860, seeking to validate IBank’s intended use of the Accrued Interest.

Section 5. 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 November 27, 2018, 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