

RESOLUTION NO. 18-20

RESOLUTION OF THE BOARD OF DIRECTORS OF THE CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK MAKING DETERMINATIONS WITH RESPECT TO THE FINANCING OF AN ELIGIBLE PROJECT FOR DESERTXPRESS ENTERPRISES, LLC, ITS SUCCESSOR(S) IN INTEREST, AND/OR AN AFFILIATED ENTITY, AND DECLARING THE CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK'S INTENT TO REIMBURSE CERTAIN EXPENDITURES FROM PROCEEDS OF REVENUE BONDS AND AUTHORIZING APPLICATION FOR PRIVATE ACTIVITY BONDS ALLOCATION

WHEREAS, the California Infrastructure and Economic Development Bank (the “Issuer”) 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”), for the purpose of promoting economic development; and

WHEREAS, the Issuer is authorized to issue tax-exempt and taxable revenue bonds pursuant to the Act to provide financing and refinancing for eligible projects located in the State of California; and

WHEREAS, DesertXpress Enterprises, LLC (the “Applicant”), has submitted, and the Issuer has accepted, an application requesting the Issuer’s assistance in issuing tax exempt revenue bonds pursuant to the Act, and the Issuer’s loan of the proceeds thereof to the Applicant, for the purpose of providing long-term financing to the Applicant or an affiliated, related and/or successor entity (collectively, the “Borrower”) to finance the design, development, acquisition, construction, installation, equipping and/or maintenance of an eligible project consisting of an intercity passenger rail system and related facilities, all within California, to be owned and operated by the Borrower and its successors and assigns (the “Project”);

WHEREAS, the Borrower expects to pay certain expenditures (the “Reimbursable Expenditures”) in connection with the Project prior to the Issuer’s proposed (1) issuance of indebtedness, and (2) loan of the proceeds thereof to the Borrower, for the purpose of financing costs associated with the Project on a long-term basis; and

WHEREAS, the Issuer reasonably expects that up to \$3,000,000,000 aggregate principal amount of tax-exempt bonds (the “Bonds”) will be issued to finance the costs of the Project, that the proceeds of such tax-exempt bonds will be loaned to the Borrower (the “Borrower Loan”), and that the Borrower will use certain of the proceeds of the Borrower Loan to reimburse the Reimbursable Expenditures; and

WHEREAS, Section 1.150-2 of the Treasury Regulations requires the Issuer to declare its reasonable official intent to reimburse Reimbursable Expenditures for the Project with proceeds of

a subsequent tax-exempt bond issue;

NOW, THEREFORE, BE IT RESOVLED by the Board of Directors of the California Infrastructure and Economic Development Bank (the “Board”) as follows:

Section 1. This Resolution is adopted for purposes of establishing compliance with the requirements of Section 1.150-2 of the Treasury Regulations. This Resolution does not bind the Issuer to make any expenditure, incur any indebtedness, issue the Bonds, or proceed with the financing of the Project.

Section 2. The term “Reimbursable Expenditures” as used in this Resolution includes those capital expenditures or hard costs made not earlier than 60 days prior to the date of this Resolution.

Section 3. The Issuer presently intends and reasonably expects to issue the Bonds and loan the proceeds thereof to the Borrower pursuant to the Borrower Loan, and that a reimbursement allocation (as that term is defined in Treasury Regulation 1.150-2) will be made for the Reimbursement Expenditures within eighteen (18) months of the later of the date the original expenditure was paid or the date the Project was placed in service or abandoned, but in no event more than three (3) years after the original expenditure was paid.

Section 4. The Board declares its reasonable official intent to use proceeds of the Bonds to make the Borrower Loan, a portion of which will be used to reimburse the Borrower for the Reimbursable Expenditures.

Section 5. In no event shall the Bonds constitute a pledge of the faith and credit of the State or any political corporation, subdivision or agency of the State. Neither the State nor any political corporation, subdivision or agency of the State shall be liable to make any appropriation for the repayment of the Bonds. If issued, the Bonds shall constitute a special obligation of the Issuer payable solely from the revenues or other sources provided for in a loan agreement for the Borrower Loan and proceedings to be provided for hereafter.

Section 6. The Issuer authorizes application for private activity bond allocation from the California Debt Limit Allocation Committee.

Section 7. The Board hereby directs and authorizes the Issuer’s Executive Director, or its Chief Deputy Executive Director, each in their respective individual capacities, to take all actions necessary or desirable to implement this Resolution.

Section 8. This Resolution shall take effect from and after its adoption.

PASSED, APPROVED, AND ADOPTED at a meeting of the Board of Directors of the California Infrastructure and Economic Development Bank on December 18, 2018, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

By _____
Nancee Robles, Chief Deputy Executive Director

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