

RESOLUTION NO. 18-03

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 \$15,000,000 FOR THE CITY OF SACRAMENTO

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 City of Sacramento (the “Borrower”), a municipal corporation in the State of California, is seeking financing under the Infrastructure State Revolving Fund Program (the “ISRF Program”) in the amount of \$15,000,000 for financing eligible project costs of the Memorial Auditorium Renovation Project, located within the City of Sacramento, all as more fully described in Attachment A hereto (the “Project”); and

WHEREAS, the Borrower and the Project meet all applicable eligibility requirements for economic expansion projects mandated by the IBank Act and by the “Criteria, Priorities, and Guidelines for the Selection of Projects for Financing under the Infrastructure State Revolving Fund (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 financing under the ISRF Program in a principal amount not to exceed \$15,000,000 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 financing 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, 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 ISRF Financing, and (iii) otherwise 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 90 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 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 February 27, 2018, by the following vote:

AYES: JUAREZ, JERUE, AVDIS

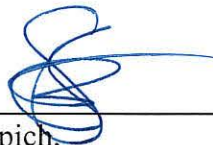
NOES:

ABSENT: LUCHETTI, ANNIS

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 improvements, upgrades, and installation of furnishings, fixtures, and equipment to the Borrower's Memorial Auditorium, and includes, but is not limited to, all necessary construction, construction contingency, testing, inspection, remediation, machinery installation, engineering, architecture, design, permitting, entitlement, environmental review and documentation, project administration, construction management, furnishings, fixtures, equipment, and general Project development activities. More specifically, the Project consists of the following components:

- Improvements and upgrades to audio-visual equipment and related facilities
- Upgrades to lighting and acoustical systems
- Construction of orchestra facilities
- Seating improvements
- Newly constructed and upgraded HVAC systems
- Projection booth upgrades
- Construction of additional facilities, and upgrade of existing facilities, to accommodate large and complex plays, shows, concerts, and other events.
- Upgrades to the rigging system
- Structural upgrades
- Purchase new, and upgrade existing, furnishings, fixtures, and equipment
- 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 Sacramento (City)
2. **Project:** Memorial Auditorium Renovation Project
3. **Amount of Financing:** \$15,000,000
4. **Maturity:** 30 years
5. **Repayment/Security:** Transient Occupancy Tax Revenues and all legally available amounts in the Community Center Fund (Fund)
6. **Interest Rate:** 3.00%
7. **Fees:** Origination fee of 1.00% of the Financing amount, \$150,000, 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 90 days from the date of its adoption. Thus, the City and IBank must enter into the Financing Agreement no later than 90 days from such date. Once the approval has expired, there can be no assurances that IBank would be able to provide the Financing to the City or consider extending the approval period.
10. **Financing Agreement Covenants:** The Financing Agreement shall include, among other things, the following covenants:
 - a. The City shall maintain Transient Occupancy Tax Revenues (TOT Revenues) and other revenues accumulating within the Community Center Fund (collectively, Fund Revenues), to ensure that the sum of Fund Revenues minus operating expenses of activities that generate Fund Revenues (Fund Net Revenues) produce a minimum 1.20 times annual debt service coverage ratio for the sum of actual annual debt service on the Financing and any outstanding obligations on parity with the Financing.
 - b. The City will be prohibited from issuing future debt senior to the IBank financing.
 - c. New parity debt permitted if Fund 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 Fund 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. Except as expressly waived by the Board of Directors, the City to comply with the requirements of the Criteria, Priorities, and Guidelines for the Selection of Projects for Financing under the Infrastructure State Revolving Fund (ISRF) Program (the Criteria) and all applicable laws, regulations, and permitting requirements associated with public works projects.
 - f. Provide to IBank within 180 days of the end of each fiscal year a copy of its audited 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.

- g. The City to submit other information to IBank as may be requested from time-to-time.
- h. **Criteria Waivers:** IBank requests the Board waive the following requirements of IBank's Criteria, Priorities, and Guidelines:
 - a. Use of the contractor model pre-qualification questionnaire approved by the Department of Industrial Relations.
 - b. Repayment of the Financing be targeted within one year of Financing Origination.