

RESOLUTION NO. 20-12

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

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, on December 18, 2018, the Board of Directors of the Issuer (the "Board") adopted Resolution No. 18-20 ("Prior Resolution"), previously declared its reasonable official intent to use proceeds of tax-exempt bonds, the proceeds of which will be loaned to DesertXpress Enterprises, LLC, or an affiliated, related and/or successor entity (collectively, the "Borrower"), a portion of which will be used to reimburse the Borrower for certain eligible reimbursable expenditures associated with 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"); and

WHEREAS, since the approval of the Prior Resolution, the scope and size of the Project has been modified to include an extension of the Project from the Town of Apple Valley, California, to the City of Rancho Cucamonga, California (the "Project Extension")

WHEREAS, the Borrower 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 Borrower, for the purpose of providing long-term financing to the Borrower to finance the Project Extension;

WHEREAS, the Borrower expects to pay certain expenditures (the "Reimbursable Expenditures") in connection with the Project Extension 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 Extension on a long-term basis; and

WHEREAS, the Issuer reasonably expects that \$1,650,000,000 aggregate principal amount of tax-exempt bonds (the "Bonds") will be issued to finance the costs of the Project Extension, 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 Extension with proceeds of a subsequent tax-exempt bond issue;

NOW, THEREFORE, BE IT RESOLVED 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 Extension.

**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 Extension 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 Board hereby directs and authorizes the Issuer's Executive Director, or his or her designee, 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.

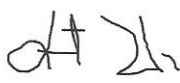
**PASSED, APPROVED, AND ADOPTED** at a meeting of the California Infrastructure and Economic Development Bank on August 26, 2020, by the following vote:

AYES: Dombrowski, Ma, Jimenez, Steinorth

NOES: Miller

ABSENT:

ABSTAIN:

By  \_\_\_\_\_  
Scott Wu, Executive Director

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