

RESOLUTION NO. 21-13

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 \$14,000,000 FOR THE CITY OF LOS BANOS

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 Los Banos (the “City”) is seeking financing under the Infrastructure State Revolving Fund Program (the “ISRF Program”) in an amount not to exceed \$14,000,000 for financing eligible project costs of the City’s police station, as more fully described in Attachment A hereto (the “Project”); and

WHEREAS, the City and Project meet all applicable eligibility requirements for infrastructure 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”), except that:

- (i) Section II.A of the Criteria requires that applicants demonstrate project readiness and feasibility to complete construction within 2 years after IBank’s financing approval (the “2 Year Construction Completion Criteria”). The Project timeline for the completion of construction is 30 months; and
- (ii) Section II.A.4 of the Criteria requires that recipients of ISRF Program financings above \$2,000,000 pre-qualify contractors for the financed project using the model pre-qualification questionnaire (the “Model Questionnaire”) approved by the Department of Industrial Relations (the “Model Questionnaire Criteria”). The Borrower typically pre-qualifies its contractors using its internally-required pre-qualification questionnaire, which is substantially similar to the Model Questionnaire.

WHEREAS, the IBank Board of Directors (the “Board”) holds the authority to waive Criteria requirements as necessary to accommodate complex or unusual transactions and, in order to accommodate IBank’s financing of the Project, intends to waive compliance with:

- (i) the 2 Year Construction Completion Criteria; and
- (ii) the Model Questionnaire 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 City 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 \$14,000,000 to the City for the costs of the Project (the “ISRF Financing”), subject to the execution of one or more financing agreements between IBank and the City and associated documents and instruments (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 City 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 City 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 City 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 City any of its Project expenditures.

Section 6. The Board finds that waiver of the 2 Year Construction Completion Criteria and the Model Questionnaire Criteria is necessary and appropriate to accommodate the ISRF Financing and hereby waives compliance with the 2 Year Construction Completion Criteria and the Model Questionnaire Criteria.

Section 7. 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 August 25, 2021, by the following vote:

AYES: Myers, Ma, Gillihan, Quant, Steinorth

NOES:

ABSENT:

ABSTAIN:

By: 

Scott Wu, Executive Director

ATTEST

By: 

Stefan R. Spich,
Secretary of the Board of Directors

ATTACHMENT A

Description of the Project

Generally, the Project consists of the construction of a new approximately 26,500 square foot police station, and includes all necessary equipping, installation, design, engineering, construction, construction contingency, demolition, removal, resurfacing, restoration, landscaping, permitting, construction management, project administration, and general project development activities. More specifically, the Project includes the following elements:

- Lobby and reception area;
- Conference and interview rooms;
- Training facilities;
- Evidence and records rooms;
- Intake area with cells;
- Employee facilities, including office space, exercise facility, locker room, break rooms, and restrooms;
- Jail and holding area;
- Communications and dispatch area;
- Overnight facilities;
- Vehicle ports and vehicle evidence area;
- Covered parking area;
- Appurtenant work such as grading, paving, landscaping, and fencing; and
- 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. **Borrower:** City of Los Banos
2. **Project:** Police Station Project
3. **Amount of ISRF Financing:** \$14,000,000
4. **Maturity:** Not to exceed 30 years; subject to extension for rental abatement periods.
5. **Repayment/Leased Asset:** General Fund Lease provides IBank with a leasehold interest on Police Station (Leased Asset).
6. **Interest Rate:** 2.20%
7. **Fees:** The City to pay the origination fee of 1.00%, or \$140,000, upon loan closing, and an annual fee of 0.30% of the outstanding 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 this 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 180 days from the date of its adoption. Thus, the City 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 will be able to provide the ISRF Program financing or consider extending the approval period.
10. **ISRF Program Financing Agreement Covenants:** Aside from usual and customary terms and conditions for this type of ISRF Program financing, Staff recommends the Financing Agreement include, without limitation, the following additional conditions and covenants that the City:
 - a. Comply with all applicable requirements of the Criteria.
 - b. Budget and appropriate funds sufficient to make annual lease payments pursuant to the Financing Agreement.
 - c. Procure an ALTA title insurance policy covering IBank's interest in the leased asset.
 - d. Not encumber further the leased asset.
 - e. Provide to IBank within 180 days of the end of each City 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.