

**RESOLUTION NO. 22-13**

**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 \$35,000,000 FOR THE COUNTY 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;

**WHEREAS**, the County of Sacramento (the “Borrower”), a political subdivision of the State of California, is seeking financing under the Infrastructure State Revolving Fund Program (the “ISRF Program”) in the amount of \$35,000,000 (the “ISRF Financing”) for financing eligible project costs of the North Area Recovery Station Commercial Waste Transfer Building Project, as more fully described in Attachment A hereto (the “Project”);

**WHEREAS**, the Borrower and the 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”);

**WHEREAS**, the Criteria provides that ISRF Program financing amounts typically range from \$50,000 to \$25,000,000, the Board may approve larger ISRF Program financings subject to lending capacity and other factors including collateral and credit review;

**WHEREAS**, IBank has sufficient lending capacity to finance the Project, the ISRF Financing will be secured by a lien on net revenues and all legally available amounts in the Solid Waste Enterprise Fund (the “Fund”), and the Fund has a good performance track record, healthy cash reserves and a strong net position for fiscal year 2021; 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 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

\$35,000,000 to the Borrower for the costs of the Project, 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, Chief Deputy Executive Director, or either of their 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 October 19, 2022, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

By: **scott wu** Digitally signed by scott  
wu  
Date: 2022.10.19  
14:47:49 -07'00'  
\_\_\_\_\_  
Scott Wu,  
Executive Director

ATTEST

By: **Angel Lau** Digitally signed by Angel  
Lau  
Date: 2022.10.19  
15:11:38 -07'00'  
\_\_\_\_\_  
Angel Lau,  
Secretary of the Board of Directors

## ATTACHMENT A

### **Description of the Project**

Generally, the Project involves constructing a new commercial waste transfer building that will be an enclosed structure to receive residential source-separated organic waste (such as green waste, food waste, and food-soiled paper) and commercially collected municipal solid waste and includes, but is not limited to, design, engineering, architecture, construction, construction contingency, demolition, removal, resurfacing, restoration, landscaping, permitting, construction management, project administration, and general project development activities. More specifically, the Project consists of the following component:

- Construction of a new 62,000 square foot tilt-up structure commercial waste transfer building.
- Roadway ramps to a covered below-grade trench with four loadout ports from the tipping floor above for efficient handling of materials.
- Mechanical and electrical systems necessary to provide efficient operations.
- A 1,000 square foot observation area to facilitate visitor tours.
- Large, paved access areas for operational purposes.

## ATTACHMENT B

### Financing Terms

1. **Applicant/Borrower:** The County of Sacramento
2. **Project:** North Area Recovery Station Commercial Waste Transfer Building Project
3. **Amount of Financing:** \$35,000,000
4. **Maturity:** Thirty (30) years
5. **Repayment/Security:** The ISRF Program Financing would be secured by a senior lien on net revenues ("Net Revenues") and all legally available amounts in the Solid Waste Enterprise Fund.
6. **Interest Rate:** 4.37%
7. **Fees:** The County to pay an origination fee of 1.00%, which amounts to \$350,000, 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 County into a Financing Agreement, in form and substance satisfactory to IBank.
9. **Limited Time:** If approved by the Board, the Board's approval expires 90 days from the date of its adoption. Thus, the Borrower and IBank must execute a financing agreement no later than 90 days from such date. Once the approval has expired, there can be no assurances that IBank will be able to grant the loan to the Borrower or consider extending the approval period.
10. **ISRF Program Financing Agreement Covenants and Conditions:** The Financing Agreement shall include, among other things, the following covenants:
  - a. The County will be required to maintain rates and charges in an amount sufficient to ensure that Net Revenues produce a minimum 1.20 times aggregate maximum annual debt service ratio for obligations on parity with the IRSF Financing.
  - b. The Fund has no senior liens, and the County will be prohibited from issuing senior debt senior to the ISRF Financing.
  - c. Parity debt will be allowed if Net Revenues amount to at least 1.20 times the Maximum Annual Debt Service (MADS) taking into consideration the MADS payable in any Fiscal Year on all existing debt and the proposed parity debt.
  - d. Subordinate debt will be allowed if Net Revenues are at least 1.00 times the sum of the MADS on all outstanding debt, payable from the Fund, including the proposed Subordinate Debt.
  - e. The County will covenant against reducing rates below levels used for all debt service payable from the Fund, and to take actions to increase rates or fund a rate stabilization fund if the debt service coverage ratios fall below required levels.
  - f. Upon implementing rates and charges, the County to covenant to ensure that its rate structure conforms to the requirements of Proposition 218 and those of the statutes implementing it and the cases interpreting it. Further, the County to covenant to notify IBank immediately upon the filing of any legal challenge to its rates or charges.
  - g. The County to comply with the requirements of the Criteria and all applicable laws, regulations, and permitting requirements associated with public works projects.
  - h. The County to provide to IBank annually within 180 days of the end of each of the County's 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.