

**RESOLUTION NO. 24-04**

**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 \$8,500,000 FOR THE SUNSET BEACH SANITARY DISTRICT OF ORANGE COUNTY**

**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 Sunset Beach Sanitary District of Orange County (the “Borrower”), a special district, is seeking financing under the Infrastructure State Revolving Fund Program (the “ISRF Program”) in the amount of \$8,500,000 (the “ISRF Financing”) for financing eligible project costs of the Broadway Sewage Pump Station Bypass Sewer Project, as more fully described in Attachment A hereto (the “Project”); and

**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 June 28, 2023 (the “Criteria”);

**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 \$8,500,000 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, no later than July 25, 2024. 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 January 24, 2024, by the following vote:

AYES: Myers, Fernandez, Miller, Quant, Steinorth

NOES:

ABSENT:

ABSTAIN:

By: **scott wu** Digitally signed by scott wu  
Date: 2024.01.25 10:17:15  
-08'00'  
\_\_\_\_\_  
Scott Wu,  
Executive Director

ATTEST

By: **Angel Lau** Digitally signed by Angel Lau  
Date: 2024.01.25 12:08:14  
-08'00'  
\_\_\_\_\_  
Angel Lau,  
Secretary of the Board of Directors

## ATTACHMENT A

### **Description of the Project**

Generally, the Project involves the replacement of the Borrower's Broadway Sewage Pump Station as well as the pressure-force main it is discharged to. The Project 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 includes consists of the following components:

- Replacement of the sewage pump station;
- Replacement of the pressure-force main with a gravity sewer option;
- Sewer bypass work, including general construction, and demolition;
- Earthwork (including trenching, hauling & shoring);
- Roadway Paving (sawcut paving, removal & installation);
- Dewatering of project area;
- Mechanical work;
- Manhole modifications; 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. **Applicant/Borrower:** The Sunset Beach Sanitary District of Orange County
2. **Project:** Broadway Sewage Pump Station Bypass Sewer Project
3. **Amount of Financing:** \$8,500,000
4. **Maturity:** Not to exceed thirty (30) years. Financing may not be prepaid during the first ten (10) years.
5. **Repayment/Security:** The ISRF Program financing will be secured by a senior lien on net system revenues (Net Revenues) from the District's General Fund (Fund) and all legally available amounts in the Fund.
6. **Interest Rate:** All-in **4.78%** (which includes annual servicing fee described in item 7 below). The rate will be locked as outlined in item 9 below.
7. **Fees:** Borrower to pay the origination fee of 1.00% (\$85,000) of the Financing amount upon close of Financing, and an annual servicing fee of [0.15%] of the outstanding balance.
8. **Not an Unconditional Commitment:** IBank's resolution shall not be construed as unconditional commitment to finance the Project, but rather IBank's approval pursuant to the resolution is conditioned upon entry by IBank and the Borrower into an ISRF Program financing agreement (or agreements), in form and substance satisfactory to IBank.
9. **Limited Time:** Subject to the Board's approval of the Financing resolution, IBank's Financing commitment expires 180 calendar days from the date of its adoption. If the Borrower and IBank have not executed a financing agreement (Financing Agreement) before the commitment expires, there can be no assurances that IBank will be able to grant the Financing to the Borrower or consider extending the commitment period.
10. **ISRF Program Financing Agreement Covenants and Conditions:** The Financing Agreement shall include, among other things, the following covenants:
  - a. The Borrower will be required to maintain rates and charges in an amount sufficient to ensure that Net Revenues produce a minimum [1.20] times aggregate annual debt service ratio for obligations on parity with the Financing.
  - b. The Fund has no debt secured by senior lien on Net Revenues, and the Borrower will be prohibited from issuing future debt senior to the 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 parity debt and the Financing, and the proposed parity debt, payable from the Fund.
  - d. Subordinate debt will be allowed if Net Revenues are at least 1.00 time the sum of the MADS on all outstanding debt payable from the Fund.
  - e. The Borrower will be required to maintain rates and charges in an amount sufficient to ensure in each fiscal year that Net Revenues produce a minimum 1.20 times aggregate annual debt service coverage ratio for the Financing and all parity debt, and a minimum 1.00 time annual debt service coverage ratio when including subordinate debt.

- f. The Borrower 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 debt service coverage ratios fall below required levels.
- g. Upon implementing rates and charges, the Borrower 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 Borrower to covenant to notify IBank immediately upon the filing of any legal challenge to its rates or charges.
- h. The Borrower will comply with the requirements of the ISRF Program Criteria and all applicable laws, regulations, and permitting requirements associated with public works projects.
- i. The Borrower shall meet standard insurance requirements with respect to the enterprise system, general liability insurance, worker's compensation, and builder's risk insurance.
- j. The Borrower to provide to IBank annually, within 180 days of the end of each of the Borrower's fiscal years, a copy of its audited financial statements together with an annual certificate demonstrating compliance with the foregoing covenants, as well as any other information as IBank may reasonably request from time to time.