

RESOLUTION NO. 19-04

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 \$35,000,000 FOR THE CITY OF FRESNO

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 Fresno (the “Borrower”) is seeking financing under the Infrastructure State Revolving Fund Program (the “ISRF Program”) in the amount of \$35,000,000 for financing eligible project costs of the Fresno Yosemite International Airport Parking Garage Project, as more fully described in Attachment A hereto (the “Project”); and

WHEREAS, the Borrower 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.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 will be the party to award the Project construction contract(s) and it intends to use its internally-required contractor pre-qualification questionnaire, which substantially meets the intent of the Model Questionnaire and the Criteria;
- (ii) Section II.A of the Criteria provides that recipients of ISRF Program financings demonstrate the ability to complete construction of the financed project within two years of IBank’s financing approval (the “Two-Year Completion Criteria”). Due to the scope of the Project, the Borrower will require up to 43 months from execution of the ISRF Program financing agreements to complete construction of the Project; and

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

WHEREAS, pursuant to the Criteria, 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 Model Questionnaire Criteria;
- (ii) the Two-Year Completion Criteria; and

WHEREAS, IBank has sufficient lending capacity to finance the Project, the revenues the Borrower would pledge as the security and source of repayment for this financing well exceed amounts needed to repay this financing and any existing indebtedness of the Borrower, and the Borrower's historical and projected debt service coverages establish the Borrower's ability to repay this financing with a sufficient remaining equity cushion; 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 a financing under the ISRF Program in a principal amount not to exceed \$35,000,000 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"), IBank's Chief Deputy Executive Director, or either of their designees, 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 May 7, 2019. 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. The Board finds that waiver of the Model Questionnaire Criteria and the Two-Year Completion Criteria (collectively, the “Waived Criteria”), is necessary and appropriate to accommodate the ISRF Financing and hereby waives compliance with the Waived 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 February 27, 2019, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

By: _____
Nancee Robles,
Acting Executive Director

ATTEST

By: _____
Stefan R. Spich,
Secretary of the Board of Directors

ATTACHMENT A

Description of the Project

Generally, the Project involves the construction of a parking garage at the Fresno Yosemite International Airport and includes, but is not limited to, all necessary design, architecture, engineering, geologic testing, refinancing, permitting, entitlement, construction, equipping, machinery installation, construction management, project administration, and general project development activities. More specifically, the Project consists of the following components:

- Constructing a three-level parking garage with approximately 300 parking stalls per level.
- Construction of circulation elements.
- Installation of necessary utilities.
- Installation of 24 electric vehicle charging stations with infrastructure to install an additional 24 electric vehicle charging stations.
- Appurtenant work, including grading, construction fencing, landscaping, and paving.
- 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 Fresno
2. **Project:** The Borrower's Fresno Yosemite International Airport New Garage Project
3. **Amount of ISRF Financing:** \$35,000,000
4. **Maturity:** Thirty (30) Years
5. **Repayment:** Repayment will be from airport system net revenues ("Net Revenues"), and all legally available amounts in the airport system enterprise fund (the "Fund"), except any revenue generated from, and Fund money attributable to, Passenger Facility Charges ("PFC") and Customer Facility Charges ("CFC")
6. **Security:** Secured by a senior lien on Net Revenues and all legally available amounts in the Fund, with the exception of any revenue generated by, and Fund money attributable to, PFCs and CFCs.
7. **Interest Rate:** 3.15%;
8. **Fees:** Borrower to pay an origination fee of 1.00%, \$350,000, and an annual fee of 0.30% of the outstanding principal balance.
9. **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 Borrower into a Financing Agreement, in form and substance satisfactory to IBank.
10. **Limited Time:** The Board's approval expires on May 07, 2019. Thus, the Borrower and IBank must enter into the Financing Agreement no later than May 07, 2019. Once the approval has expired, there can be no assurances that IBank would be able to provide financing to the Borrower or consider extending the approval period.
11. **Financing Agreement Covenants and Conditions:**
 - a. The Borrower shall adjust as necessary the rates, charges, and expenses of the Airport in an amount sufficient to ensure that the Net Revenues produce a minimum 1.25 times aggregate annual debt service coverage ratio for the sum of actual annual debt service on the ISRF Financing and any obligations on parity with the ISRF Financing.
 - b. The Borrower will be prohibited from issuing future debt payable from Net Revenues or the Fund senior to the Financing.
 - c. Parity debt will be allowed if Net Revenues amount to at least 1.25 times the Maximum Annual Debt Service (MADS) taking into consideration the MADS payable in any Fiscal Year on all existing debt payable from Net Revenues 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 Net Revenues, including the proposed Subordinate Debt.
 - e. Borrower to comply with the requirements of the Criteria, except to the extent of any Criteria waivers, and all applicable laws, regulations, and permitting requirements associated with public works projects.

- f. Borrower to provide to IBank annually within 180 days of the end of each of Borrower's fiscal years a copy of its audited financial statements that report the Fund separately, 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. Hard cost disbursement will be conditioned on the Borrower obtaining all necessary permits and approvals to commence construction.
- h. Standard Liability Insurance and Business Interruption insurance will be required.