

## **RESOLUTION NO. 18-19**

### **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 \$4,964,150 FOR THE CITY LA CAÑADA FLINTRIDGE**

**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 La Cañada Flintridge (the “Borrower”) is seeking financing under the Infrastructure State Revolving Fund Program (the “ISRF Program”) in the amount of \$4,964,150 for financing eligible project costs of the Civic Center Renovation 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 financing 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”). Borrower will be the party to award the Project construction contracts and it did not pre-qualify contractors using the Model Questionnaire. Instead Borrower has used, and will use, its own required pre-qualification questionnaire, which substantially meets the intent of the Model Questionnaire Criteria; 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; 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 \$4,964,150 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 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 Borrower into the Financing Agreement, in form and substance satisfactory to IBank, within 120 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.** The Board finds that waiver of the Model Questionnaire Criteria is necessary and appropriate to accommodate the ISRF Financing and hereby waives compliance with 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 December 18, 2018, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

By: \_\_\_\_\_  
Nancee Robles, Chief Deputy Executive Director

ATTEST

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

## ATTACHMENT A

### Description of the Project

Generally, the Project involves renovation of the former Sport Chalet building into a governmental office space, including redesign of the interior room layout, updating lighting and heating, and installing modern air systems to maximize energy efficiency and includes, but is not limited to, all necessary design, engineering, permitting, entitlement, construction, equipping, construction management, project administration, and general project development activities. More specifically, the Project consists of the following components:

- Demolishing interior walls
- Constructing new interior walls
- Constructing demising walls, separating-out leasable space for future tenants on the ground floor
- Upgrading existing restrooms to current accessibility requirements
- Upgrading accessible parking stalls to meet current accessibility requirements
- Installing new heating, ventilation, and air conditioning (HVAC) units
- 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. **Application/Borrower:** City of La Cañada Flintridge
2. **Project:** Civic Center Renovation Project
3. **Amount of ISRF Program financing:** \$4,964,150
4. **Maturity:** Not to exceed 30 years
5. **Repayment/Security:** General Fund Lease provides IBank with a leasehold interest on a portion of the City's new Civic Center (Leased Asset).
6. **Interest Rate:** 3.21%
7. **Fees:** The City to finance the origination fee of 1.00%, \$49,150, upon loan closing, and pay an annual fee of 0.30% 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(s), in form and substance satisfactory to IBank and its counsel.
9. **Limited Time:** The Board's approval expires 120 days from the date of its adoption. Thus, the City and IBank must enter into the ISRF Program financing agreement(s) no later than 120 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 IBank's ISRF Program financing agreement(s) includes without limitation, the following additional conditions and covenants of the City:
  - a. Comply with all applicable requirements of ISRF Program Criteria, as well as all applicable laws, regulations and permitting requirements associated with public works projects.
  - b. Budget and appropriate funds sufficient to make annual Lease payments.
  - c. Procure and maintain rental interruption insurance for a period of at least six months beyond the time needed to reconstruct the Leased Asset.
  - d. Procure an ALTA title insurance policy.
  - e. Not encumber further the Leased Asset.
  - f. Provide to IBank within 180 days of the end of each fiscal year a copy of the City's 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.