

RESOLUTION NO. 18-07

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 \$17,000,000 FOR THE COUNTY OF SONOMA

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 County of Sonoma (the “Borrower”) is seeking financing under the Infrastructure State Revolving Fund Program (the “ISRF Program”) in the amount of \$17,000,000 for financing eligible project costs of the Sonoma County Airport Expansion 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,” approved by the IBank Board of Directors on February 23, 2016, as it may be amended from time-to-time (the “Criteria”), except that Section II.A.4 of the Criteria (the “Model Questionnaire Criteria”) requires that recipients of ISRF Program financings above \$2,000,000 pre-qualify contractors for the financed project using the Department of Industrial Relations’ model pre-qualification questionnaire (the “Model Questionnaire”). The Borrower does not utilize the Model Questionnaire but instead uses a qualification process as part of its bid package that 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 the Model Questionnaire 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, 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 \$17,000,000 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 loan 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”) 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 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. 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 May 22, 2018, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

By: _____
Teveia R. Barnes, Executive Director

ATTEST

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

ATTACHMENT A

Description of the Project

Generally, the Project involves two major component improvements to the Sonoma County Airport, the Terminal Component and the Parking Lot Component, each of which include, but are not limited to, all necessary design, architecture, engineering, geologic testing, hydrologic testing, refinancing, construction, remediation, equipping, machinery installation, construction contingency, permitting, entitlement, construction management, project administration, and general project development activities. More specifically, the Project consists of the following:

Terminal Component

- Construction of passenger ticketing and waiting facilities;
- Construction of TSA security and screening facilities;
- Construction of a new restroom for passenger and employee use;
- Installation of a fire suppression system;
- Installation of a security gate;
- Design of new terminal facilities;
- Refinance of an earlier loan from the California Department of Transportation that provided funds for the expansion of a runway; and
- Other items necessary or desirable in connection with a project of this type and that are consistent with the applicable requirements of the IBank Act and the Criteria.

Parking Lot Component

- Construction of an approximately 490 space outdoor parking lot, including motorized and pedestrian circulation facilities and covered parking spaces with rooftop solar electricity improvements; and
- Other items necessary or desirable in connection with a 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:** County of Sonoma
2. **Project: Sonoma County Airport Expansion Project**
 - 1) Terminal Component
 - 2) Parking Lot Component
3. **Amount of ISRF Program Financings:** \$17,000,000
 - 1) **Terminal Component** \$11,880,000
 - 2) **Parking Lot Component** \$5,120,000
4. **Maturity:** 1) Terminal Component 25 Years ; 2) Parking Lot Component 30 Years
5. **Repayment:**
 - 1) **Terminal Component:** Repayment will be from airport system net revenues (Terminal Component Net Revenues) and all legally available amounts in the Sonoma County Airport Enterprise Fund (Fund).
 - 2) **Parking Lot Component:** Repayment will be from airport system net revenues, excepting any revenue generated from Passenger Facility Charges (PFC), (Parking Lot Component Net Revenues) and all legally available amounts in the Fund.
6. **Security:**
 - 1) **Terminal Component Financing:** Would be secured by a senior lien on Net Revenues and all legally available amounts in the Fund
 - 2) **Parking Lot Financing:** Would be secured by a senior lien on Net Revenues and all legally available amounts in the Fund, with the exception of any revenue generated by PFCs.
7. **Interest Rate:** 1) Terminal Component 3.52% 2) Parking Lot Component 3.61%;
8. **Fees:** County will finance two origination fees of 1% (one for each financing), totaling \$169,983, included in the Financing amounts, and shall pay annually a fee of 0.30% of the outstanding principal balance.
9. **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 County into a Financing Agreement, in form and substance satisfactory to IBank.
10. **Limited Time:** The Board's approval expires 90 days from the date of its adoption. Thus, the County and IBank must enter into the Financing Agreement no later than 90 days from such date. Once the approval has expired, there can be no assurances that IBank would be able to provide the ISRF Program financing to the County or consider extending the approval period.
11. **Terminal Component ISRF Program Financing Agreement Covenants and Conditions:** The Financing Agreement shall include, among other things, the following covenants:
 - a. County shall adjust as necessary the rates, charges, and expenses of the Sonoma County Airport (Airport) in an amount sufficient to ensure that the sum of Terminal Component Net Revenues produce a minimum 1.20 times aggregate annual debt service coverage ratio for the sum of actual annual debt service on the Financing and any obligations on parity with the Financing.
 - b. The County will be prohibited from issuing future debt payable from Terminal Component Net Revenues or the Fund senior to the Financing.
 - c. Parity debt will be allowed if Terminal Component 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 payable from Terminal Component Net Revenues or the Fund and the proposed parity debt.

- d. Subordinate debt will be allowed if Terminal Component Net Revenues are at least 1.00 times the sum of the MADS on all outstanding debt payable from Terminal Component Net Revenues or the Fund, including the proposed Subordinate Debt.
- e. County 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. County to provide to IBank annually within 180 days of the end of each of County's fiscal year a copy of its audited financial statements that report the enterprise 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 County obtaining all necessary permits and approvals to commence construction.

12. Parking Lot Component ISRF Program Financing Agreement Covenants and Conditions:

- a. County shall adjust as necessary the rates, charges, and expenses of the Airport in an amount sufficient to ensure that the sum of Parking Lot Component Net Revenues produce a minimum 1.20 times aggregate annual debt service coverage ratio for the sum of actual annual debt service on the Financing and any obligations on parity with the Financing.
- b. The County will be prohibited from issuing future debt payable from Parking Lot Component Net Revenues or the Fund senior to the Financing.
- c. Parity debt will be allowed if Parking Lot Component 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 payable from Parking Lot Component Net Revenues or the Fund and the proposed parity debt.
- d. Subordinate debt will be allowed if Parking Lot Component Net Revenues are at least 1.00 times the sum of the MADS on all outstanding debt payable from Parking Component Net Revenues or the Fund, including the proposed Subordinate Debt.
- e. County 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. County to provide to IBank annually within 180 days of the end of each of County's fiscal year a copy of its audited financial statements that report the enterprise 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 County obtaining all necessary permits and approvals to commence construction.

13. Criteria Waiver:

- a. The County requests a waiver of the IBank Criteria provision requiring use of the Department of Industrial Relations model pre-qualification questionnaire. The County's uses its own required questionnaire during the bid process, which substantially meets the intent of the Model Questionnaire Criteria.