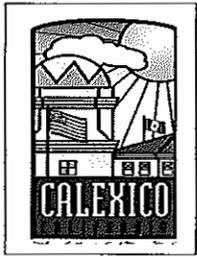


**AGENDA
ITEM**

9



AGENDA STAFF REPORT

DATE: October 23, 2019

TO: Mayor and City Council

APPROVED BY: David B. Dale, City Manager *Kp for D.D.*

PREPARED BY: David B. Dale, City Manager *Kp for D.D.*

SUBJECT: A Resolution of the City of Calexico Approving a Pledge Agreement and the Issuance of Refunding Bonds and Directing Certain Actions with Respect Thereto

=====

Recommendation:

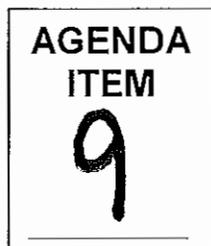
That the City Council adopt the following Resolution entitled:

1. A Resolution of the City of Calexico Approving a Pledge Agreement and the Issuance of Refunding Bonds and Directing Certain Actions with Respect Thereto.

Discussion & Analysis:

In 1989, the Imperial County Local Transportation Authority (the "Authority") adopted an ordinance implementing a one-half cent retail transactions and use tax within the County of Imperial (the "County") for a period of 20 years, which commenced on April 1, 1990 and expired on March 31, 2010 (the "Measure D Sales Tax"). A ballot measure relating to the implementation of the Measure D Sales Tax was passed by the voters of the County in November 1989. In 2008, the Authority adopted an ordinance to extend the Measure D Sales Tax for an additional 40 year term, commencing on April 1, 2010 and expiring on March 31, 2050. A measure regarding the extension of the Measure D Sales Tax was passed by the voters of the County in November 2008. In conjunction with the Measure D Sales Tax extension in 2008, the Authority also adopted an Expenditure Plan, which provides how the Measure D Sales Tax is divided among the County and the cities located therein. Pursuant to the Expenditure Plan, the City of Calexico (the "City") is entitled to receive a certain portion of the Measure D Sales Tax revenues (the "Calexico Sales Tax Revenues").

The Authority previously assisted the City in financing certain transportation projects located within the City by issuing its Imperial County Local Transportation Authority Sales Tax Revenue Bonds (Limited Tax Bonds), Series 2012B, which are payable only from the Calexico Sales Tax Revenues (the "Series 2012B Bonds"), pursuant to the terms of an Indenture of Trust, dated as of May 1, 2012, as amended and supplemented to the date hereof (as so amended and



supplemented, the "Indenture"), by and between the Authority and The Bank of New York Mellon Trust Company, N.A, as trustee (the "Trustee").

In connection with issuance of the Series 2012B Bonds, the Authority entered into a Pledge Agreement, dated as of May 1, 2012 (the "Original Agreement"), pursuant to which the City pledged the Calexico Sales Tax Revenues to the payment of the 2012B Bonds. Under the Original Agreement, the Calexico Sales Tax Revenues were pledged only to the payment of 2012B Bonds.

In 2018, pursuant to the Indenture, the Authority issued on behalf of the City, Imperial County Local Transportation Authority Sales Tax Revenue Bonds (Limited Tax Bonds), Series 2018A, which are also payable from the Calexico Sales Tax Revenues (the "Series 2018A Bonds"). In connection with the Series 2018B Bonds, the City entered into a separate pledge agreement to pledge the Calexico Sales Tax Revenues to the payment of the Series 2018A Bonds.

To avoid having to enter into separate pledge agreements for each issuance of bonds (including refunding bonds) payable from the Calexico Sales Tax Revenues, the City now desires to amend and restate the Original Agreement through the execution and delivery of an Amended and Restated Pledge Agreement by and between the City and the Authority (the "Amended and Restated Pledge Agreement") to allow the City to pledge, pursuant to the Amended and Restated Pledge Agreement, the Calexico Sales Tax Revenues to the payment of the Series 2012B Bonds, any additional series of bonds (including refunding bonds) and any parity obligations issued pursuant to the Indenture that are payable from the Calexico Sales Tax Revenues (collectively, the "Calexico Measure D Bonds").

In addition, with municipal market interest rates at their current levels, the City could potentially realize debt service savings if it refunds the 2012B Bonds with the proceeds of a series of refunding bonds to be issued by the Authority pursuant to the terms of the Indenture (the "Refunding Bonds"). The Refunding Bonds would be payable from the Calexico Sales Tax Revenues pursuant to the Amended and Restated Pledge Agreement. Under the resolution, the City would authorize the Authority to refund the 2012B Bonds through the issuance of refunding bonds, so long as the refunding would result in net present value debt service savings.

A brief summary of the Amended and Restated Pledge Agreement follows:

Amended and Restated Pledge Agreement – The Amended and Restated Pledge Agreement is an agreement between the City and the Authority whereby the City agrees to pledge the Calexico Sales Tax Revenues for repayment of the Calexico Measure D Bonds and assigns such Calexico Sales Tax Revenues to the Trustee as long as any Calexico Measure D Bonds are outstanding. The terms of the Amended and Restated Pledge Agreement would prevent the City from needing to enter into a new pledge agreement each time that a series of Calexico Measure D Bonds is issued.

Fiscal Impact:

By entering into the Amended and Restated Pledge Agreement and authorizing the Authority to issue the Refunding Bonds, the City will be able to take advantage of the current interest rate environment and potentially achieve debt service savings. Future Calexico Sales Tax Revenues will be used to pay the debt service on the Refunding Bonds and any other Calexico Measure D Bonds, with all revenues in excess of debt service being remitted to the City each year.

Coordinated With:

None.

Attachment:

1. Resolution of the City of Calexico Approving a Pledge Agreement and the Issuance of Refunding Bonds and Directing Certain Actions with Respect Thereto.
2. Amended And Restated Pledge Agreement by and between Imperial County Local Transportation Authority and the City of Calexico.

RESOLUTION NO. _____

A RESOLUTION OF THE CITY OF CALEXICO APPROVING A PLEDGE AGREEMENT AND THE ISSUANCE OF REFUNDING BONDS AND DIRECTING CERTAIN ACTIONS WITH RESPECT THERETO

WHEREAS, in 1989, the Imperial County Local Transportation Authority (the “Authority”), adopted LTA Ordinance No. 1-89, the Imperial County Retail Transactions and Use Tax Ordinance (the “1989 Ordinance”), which, following voter approval of a ballot measure, authorized the implementation of a half-cent transactions and use tax within the County of Imperial (the “Measure D Sales Tax”); and

WHEREAS, in 1990, the Authority adopted Ordinance No. 1-90 (the “1990 Ordinance”), which detailed those transactions and uses that would be subject to the Measure D Sales Tax; and

WHEREAS, on July 28, 2008, the Authority adopted Ordinance No. 1-2008 (the “2008 Ordinance”), which extended the Measure D Sales Tax for a period not to exceed forty (40) years from April 1, 2010; and

WHEREAS, under the 2008 Ordinance, the City of Calexico (the “City”) is entitled to receive from the Authority a portion of Measure D Sales Tax revenues allocable to the City (the “Calexico Sales Tax Revenues”) as specified in an allocation formula set forth in 2008 Ordinance; and

WHEREAS, the Authority assisted the City in financing certain transportation projects for the City described in the County of Imperial Retail Transactions and Use Tax Expenditure Plan by issuing its Imperial County Local Transportation Authority Sales Tax Revenue Bonds (Limited Tax Bonds), Series 2012D, which are payable only from the Calexico Sales Tax Revenues (the “Series 2012D Bonds”), pursuant to the terms of an Indenture of Trust, dated as of May 1, 2012, as amended and supplemented to the date hereof (as so amended and supplemented, the “Indenture”), by and between the Authority and the trustee named therein; and

WHEREAS, in connection with issuance of the Series 2012D Bonds, the Authority entered into that certain Pledge Agreement, dated as of May 1, 2012 (the “Original Agreement”), pursuant to which the City pledged the Calexico Sales Tax Revenues to the payment of the 2012D Bonds; and

WHEREAS, the City and the Authority now desire to amend and restate the Original Agreement through the execution and delivery of an Amended and Restated Pledge Agreement by and between the City and the Authority (the “Amended and Restated Pledge Agreement”) to allow the City to pledge, pursuant to the Amended and Restated Pledge Agreement, the Calexico Sales Tax Revenues to the payment of the Series 2012D Bonds, any additional series of bonds (including refunding bonds) and any parity obligations issued pursuant to the Indenture that are payable from the Calexico Sales Tax Revenues; and

WHEREAS, the City now desires to authorize the Authority to issue refunding bonds to refund the Series 2012D Bonds (the “Refunding Bonds”) for the purpose of realizing debt service savings; and

WHEREAS, there has been presented to this meeting of the City Council of the City (the “City Council”) the proposed form of the Amended and Restated Pledge Agreement and the City has determined that it is in the best interest of the City to approve the Amended and Restated Pledge Agreement and authorize and approve the transactions contemplated thereby and to authorize the issuance of the Refunding Bonds for purposes of refunding the Series 2012D Bonds; and

NOW, THEREFORE, IT IS HEREBY RESOLVED BY THE CITY COUNCIL OF THE CITY OF CALEXICO AS FOLLOWS:

Section 1. The City hereby authorizes the issuance of the Refunding Bonds by the Authority and requests the assistance of the Authority in connection with such issuance, subject to the adoption by the Authority of a resolution authorizing such issuance; provided that the issuance of such Refunding Bonds shall result in net present value debt service savings.

Section 2. The form, terms and provisions of the Amended and Restated Pledge Agreement are hereby approved and each of the Mayor of the City, the City Manager of the City, their respective designee, or any member of the City Council (each, an “Authorized Officer”) is hereby authorized and directed on behalf of the City and in its name to execute and deliver the Amended and Restated Pledge Agreement in substantially the form presented to and considered at this meeting of the City Council, with such changes therein, however, as may be approved by the Authorized Officer executing the same, such approval to be conclusively evidenced by his or her execution thereof.

Section 3. Each Authorized Officer is hereby authorized and directed, jointly and severally, for and in the name on behalf of the City, to execute and deliver any and all agreements, assignments, documents, certificates and other instruments, and to do any and all things and take any and all actions which may be necessary or advisable in their discretion, to carry out and give effect to the actions which the City has approved in this Resolution.

Section 4. The Clerk shall certify to the adoption of this Resolution, and thereafter the same shall be in full force and effect. Notwithstanding the foregoing, such certification and any of the other duties and responsibilities assigned to the Clerk pursuant to this Resolution may be performed by an Assistant Clerk with the same force and effect as if performed by the Clerk hereunder.

WHEREFORE, this Resolution is passed, approved and adopted this 23rd day of October, 2019.

Bill Hodge, Mayor

ATTEST:

Gabriela T. Garcia, City Clerk of the
City of Calexico, California

APPROVED AS TO FORM:

Carlos Campos, City Attorney

RESOLUTION CERTIFICATION

STATE OF CALIFORNIA)
COUNTY OF IMPERIAL) SS.
CITY OF CALEXICO)

I, Gabriela T. Garcia, City Clerk of the City of Calexico, California, do hereby certify that the number of members of the City Council of said City is five; and that Resolution No. _____ was adopted by the City Council at a Special Regular Meeting held on October 23, 2019, by the following vote:

AYES:
NOES:
ABSENT:

Witness my hand on October 23, 2019.

Gabriela T. Garcia, City Clerk of the City of Calexico, California

AMENDED AND RESTATED
PLEDGE AGREEMENT

By and between

IMPERIAL COUNTY LOCAL TRANSPORTATION AUTHORITY

and

CITY OF CALEXICO

Dated as of ____ 1, 2019

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THIS AMENDED AND RESTATED PLEDGE AGREEMENT, dated as of ____
1, 2019 (this "Agreement"), by and between the IMPERIAL COUNTY LOCAL
TRANSPORTATION AUTHORITY, a local transportation authority duly established and
existing under the law of the State of California (the "Authority"), and the CITY OF
CALEXICO, a general law city duly organized and existing under the Constitution and the laws
of the State of California (the "City"), as set forth herein,

WITNESSETH:

WHEREAS, in 1989 the Imperial County Local Transportation Authority (the
"Authority") adopted LTA Ordinance No. 1-89, the Imperial County Retail Transactions and Use
Tax Ordinance (the "1989 Ordinance"), which, following voter approval of a ballot measure,
authorized the implementation of a half-cent transactions and use tax within the County of
Imperial (the "Measure D Sales Tax"); and

WHEREAS, in 1990, the Authority adopted Ordinance No. 1-90 (the "1990
Ordinance"), which detailed those transactions and uses that would be subject to the Measure D
Sales Tax; and

WHEREAS, on July 28, 2008, the Authority adopted Ordinance No. 1-2008 (the
"2008 Ordinance"), which extended the Measure D Sales Tax for a period not to exceed forty
(40) years from April 1, 2010;

WHEREAS, under the 2008 Ordinance, the City is entitled to receive from the
Authority a portion of Measure D Sales Tax revenues allocable to the City (the "Calexico Sales
Tax Revenues") as specified in an allocation formula set forth in 2008 Ordinance; and

WHEREAS, the Authority assisted the City in financing certain transportation
projects for the City described in the County of Imperial Retail Transactions and Use Tax
Expenditure Plan (the "Project") by issuing its Imperial County Local Transportation Authority
Sales Tax Revenue Bonds (Limited Tax Bonds), Series 2012B, which are payable only from the
Calexico Sales Tax Revenues (the "Series 2012B Bonds");

WHEREAS, in connection with issuance of the Series 2012B Bonds, the
Authority entered into that certain Pledge Agreement, dated as of May 1, 2012 (the "Original
Agreement"), pursuant to which the City pledged the Calexico Sales Tax Revenues to the
payment of the 2012B Bonds;

WHEREAS, the City and the Authority now desire to amend and restate the
Original Agreement through the execution and delivery of this Agreement to allow the City to
pledge, under this Agreement, the Calexico Sales Tax Revenues to the payment of the Series
2012A Bonds, the Imperial County Local Transportation Authority Sales Tax Revenue Bonds
(Limited Tax Bonds), Series 2018A (City of Calexico), any additional Series of Bonds
(including Refunding Bonds) and any Parity Obligations issued pursuant to the Indenture that are
payable from the Calexico Sales Tax Revenues (collectively, the "City of Calexico Measure D
Bonds");

NOW, THEREFORE, in consideration of the mutual covenants herein contained, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto, intending to be legally bound, agree as follows:

ARTICLE I

DEFINITIONS; RULES OF CONSTRUCTION

Section 1.01. Definitions. Unless otherwise defined herein, capitalized terms used herein shall have the meanings assigned to them in the Indenture, dated as of May 1, 2012, as amended and supplemented by a Second Supplemental Indenture, dated as of May 1, 2012 (collectively, the “Indenture”), each by and between the Authority and a trustee named therein (the “Trustee”).

Section 1.02. Rules of Construction. Unless the context clearly indicates to the contrary, the following rules shall apply to the construction of this Agreement:

- (a) Words importing the singular number shall include the plural number and vice versa.
- (b) Words importing the feminine, masculine and neuter genders shall each include correlative words of the other genders.
- (c) All approvals, consents and acceptances required to be given or made by any person or party hereunder shall be at the sole discretion of the person or party whose approval, consent or acceptance is required.
- (d) All references herein to particular articles or Sections are references to articles or Sections of this Agreement.
- (e) The captions and headings and table of contents herein are solely for convenience of reference and shall not constitute a part of this Agreement nor shall they affect its meaning, construction or effect.
- (f) References to any document, agreement, certificate or other instrument shall refer to the provisions of such instrument, as the same may be amended and supplemented from time to time.
- (g) Words permitting discretion shall mean that the Person having such discretion may take such action but is not obligated to do so.

ARTICLE II

PLEDGE OF REVENUES

Section 2.01. Pledge of Revenues. The City hereby pledges and assigns all Calexico Sales Tax Revenues unconditionally and irrevocably on a first priority basis to the Trustee for the payment of debt service on the City of Calexico Measure D Bonds at any time Outstanding.

Section 2.02. Application of Calexico Sales Tax Revenues and Remittance to the City. The Authority agrees that after application of the Calexico Sales Tax Revenues to pay the debt service on the City of Calexico Measure D Bonds, to make all other deposits required under the Indenture and to reimburse the Authority for payments previously made with respect to the City of Calexico Measure D Bonds (and all past due amounts relating thereto) the Authority shall cause the remainder of the City of Calexico Measure D Bonds received to be remitted to the City for uses consistent with the 2008 Ordinance.

Section 2.03. City to Pay Authority Costs. The City hereby agrees to pay the reasonable out-of-pocket costs and expenses of the Authority directly related to the City's allocable share of costs of issuance for the City of Calexico Measure D Bonds. The payment of such costs and expenses shall not be a general fund obligation of the City and shall be payable from the Calexico Sales Tax Revenues and/or the proceeds of the City of Calexico Measure D Bonds.

ARTICLE III

REMEDIES

Section 3.01. Remedies. Each of the parties hereto may take whatever action at law or in equity may appear necessary or desirable to exercise its rights or enforce the obligations of the other parties hereunder.

ARTICLE IV

TERM

Section 4.01. Term. The pledge granted by the City in accordance with Section 2.01 hereof shall continue irrevocably, in full force and effect, until the payment or defeasance in full of all Outstanding City of Calexico Measure D Bonds. If at any time prior to March 31, 2050, there are no longer any City of Calexico Measure D Bonds Outstanding, either party to this Agreement will be permitted to terminate this Agreement upon written notice delivered to the other party at least 30 days prior to the termination date.

ARTICLE V

REPRESENTATIONS AND COVENANTS

Section 5.01. Maintenance of Effort. (a) The City hereby represents that it has maintained, as a minimum, the same level of local discretionary funds expended for street and road purposes as was reported in the State Controller's Annual Report of Financial Transactions for Streets and Roads – Fiscal Year 2005-2006, as adjusted annually for inflation, as is required pursuant to Section 6 of the Expenditures Plan. The City hereby covenants to include in each annual budget amounts sufficient to satisfy the annual Maintenance of Effort requirement and shall certify, in a form substantially similar to the certificate appended as Appendix A hereto, to the Authority prior to each Fiscal Year that such amounts have been included in its annual budget. The City further covenants to spend at least the amount included in the certification to the Authority during the then-current Fiscal Year and shall certify, in a form substantially similar to the certificate appended as Appendix B hereto, to the Authority that the City satisfied its annual Maintenance of Effort requirement for such Fiscal Year.

(b) In connection with the issuance of a Series of City of Calexico Measure D Bonds, the City shall deliver a certificate, dated the date of closing of such Series of City of Calexico Measure D Bonds, providing the covenant found in Section 5.02(a) modified to reflect such Series of City of Calexico Measure D Bonds being issued and the projects to be financed with the proceeds of such Series of City of Calexico Measure D Bonds.

Section 5.02. Expenditure on Approved Projects. (a) The City hereby covenants to use proceeds of the Series 2012B Bonds and any Calexico Sales Tax Revenues received by the City only on projects appearing on the most recently approved five-year list of projects and shall certify, in a form substantially similar to the certificate appended as Appendix B hereto, that such proceeds of the Series 2012B Bonds and any Calexico Sales Tax Revenues were spent on projects appearing on the approved five-year list of projects for the then-current Fiscal Year. If proceeds of the Series 2012B Bonds or any Calexico Sales Tax Revenues are expended on projects not appearing on the most recently approved five-year list of projects, the City further covenants to replenish the Calexico Sales Tax Revenue Account established pursuant to the Indenture in an amount equal to the Series 2012B Bonds proceeds or Calexico Sales Tax Revenues expended on projects not appearing on the most recently approved five-year list of projects.

(b) In connection with the issuance of a Series of City of Calexico Measure D Bonds, the City shall deliver a certificate, dated the date of closing of such Series of City of Calexico Measure D Bonds, providing the covenant found in Section 5.02(a) modified to reflect such Series of City of Calexico Measure D Bonds being issued and the projects to be financed with the proceeds of such Series of City of Calexico Measure D Bonds.

Section 5.03. Compliance with Tax Covenants. (a) In addition to the covenants set forth herein, the City covenants to assist the Authority in complying with all covenants of the Authority set forth in Section 6.08 of the Indenture and the Tax Certificate, which are hereby incorporated by reference as though fully set forth herein and to comply with all covenants in the Tax Certificate applicable to the City. On the delivery date of the Series 2012B Bonds, the City

will provide a Certificate of the Director of Public Works substantially in the form attached as Appendix C hereto.

(b) In connection with the issuance of a Series of City of Calexico Measure D Bonds, the City shall deliver a certificate, dated the date of closing of such Series of City of Calexico Measure D Bonds, providing the covenant found in Section 5.03(a) modified to reflect such Series of City of Calexico Measure D Bonds. Moreover, to the extent required by Bond Counsel, the City, on or prior to the closing date of such Series of City of Calexico Measure D Bonds, shall deliver a Certificate of the Director of Public Works substantially in the form attached as Appendix C hereto, with the appropriate revisions to reflect the Series of City of Calexico Measure D Bonds to be issued and the projects to be financed with such Series.

Section 5.04. Annual Expenditure Report. The City hereby covenants to prepare an annual report detailing the expenditure, by project, of any and all Calexico Sales Tax Revenues for the prior Fiscal Year. Other funds expended on those projects shall also be listed in order to demonstrate the additional benefit gained utilizing the other funds to maximize the use of sales tax receipts. The annual report shall include a detailed description and the amount spent of the sales tax receipts for each project. Contractors performing work shall be listed and the amount of sales tax receipts paid to the individual contractors shall be provided in the report.

ARTICLE VI

MISCELLANEOUS

Section 6.01. Severability. In case any one or more of the provisions of this Agreement shall, for any reason, be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Agreement shall be construed and enforced as if such illegal or invalid provision had not been contained therein.

Section 6.02. No Individual Liability. No covenant or agreement contained in this Agreement shall be deemed to be the covenant or agreement of any member, agent, or employee of the Authority or the City nor any official executing this Agreement shall be liable personally hereon or be subject to any personal liability or accountability by reason of the issuance thereof.

Section 6.03. Notices. All notices, certificates, requests or other communications hereunder shall be sufficiently given, and shall be deemed given, when received by hand or by first class mail, postage prepaid, addressed as follows:

(a) Authority:

1405 N. Imperial Avenue, Suite 1
El Centro, California 92243
Attention: Executive Director

(b) City:

608 Herber Avenue
Calexico, California 92231
Attention: City Manager

Any of the foregoing parties may designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent, by notice in writing given to the others.

Section 6.04. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

Section 6.05. Owners as Third-Party Beneficiaries. Owners of the City of Calexico Measure D Bonds are hereby recognized as third-party beneficiaries and Owners of a majority in aggregate amount of Bond Obligation of the City of Calexico Measure D Bonds then Outstanding may enforce any right, remedy or claim conferred, given or granted to the Authority hereunder.

Section 6.06. Effective Date. This Agreement shall become effective upon its execution by each of the parties hereto.

Section 6.07. Counterparts. This Agreement may be executed in several counterparts, all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the Authority and the City have caused this Agreement to be executed and delivered, all as of the date first above written.

IMPERIAL COUNTY LOCAL
TRANSPORTATION AUTHORITY

By _____
Executive Director

CITY OF CALEXICO

By _____
City Manager

APPENDIX A

**[The Maintenance of Effort Requirement for the Fiscal Year 2011-12 was \$1,049,905.
Amounts for subsequent Fiscal Years should be calculated pursuant to the Ordinance]**

**FORM OF CERTIFICATE OF THE CITY REGARDING
MAINTENANCE OF EFFORT REQUIREMENT**

I, _____, an Authorized Officer of the City of Calexico, California (the "City"), DO HEREBY CERTIFY that, as required pursuant to Ordinance No. 1-2008 of the Imperial County Local Transportation Authority (the "Ordinance") and the Amended and Restated Pledge Agreement, dated as of ___ 1, 2019, by and between the City and the Imperial County Local Transportation Authority, the City has included in its budget for the Fiscal Year ____, an amount equal to the Maintenance of Effort requirement for such Fiscal Year ____.

Capitalized terms used and not defined herein shall have the meanings ascribed to such term in the Indenture and the Pledge Agreement.

IN WITNESS WHEREOF, I have hereunto set my hand this ____, 20__.

CITY OF CALEXICO

By: _____
Authorized Officer

APPENDIX B

**FORM OF CERTIFICATE OF THE CITY REGARDING
EXPENDITURE OF MAINTENANCE OF EFFORT REQUIREMENT
AND EXPENDITURE ON QUALIFIED PROJECTS**

I, _____, an Authorized Officer of the City of Calexico, California (the "City"), DO HEREBY CERTIFY as follows

1) that, as required pursuant to an Amended and Restated Pledge Agreement, dated as of ___ 1, 2019 (the "Pledge Agreement"), by and between the City and the Imperial County Local Transportation Authority (the "Authority"), the City has expended the Maintenance of Effort requirement in the amount of \$_____ as was certified to the Authority, for the Fiscal Year ___; and

2) that, as required pursuant to the Pledge Agreement, the City has expended Calexico Sales Tax Revenues only on projects appearing in the five-year list of projects approved for the Fiscal year ___, and such projects and such expenditures are identified in the report accompanying this certificate.

Capitalized terms used and not defined herein shall have the meanings ascribed to such term in the Indenture and the Pledge Agreement.

IN WITNESS WHEREOF, I have hereunto set my hand this ____, 20__.

CITY OF CALEXICO

By: _____
Authorized Officer

APPENDIX C

§ _____
IMPERIAL COUNTY LOCAL TRANSPORTATION AUTHORITY
SALES TAX REVENUE BONDS (LIMITED TAX BONDS)
SERIES 2012B

CERTIFICATE OF PROFESSIONAL ENGINEER

This certificate is being provided to Norton Rose Fulbright US LLP, as Bond Counsel to the Imperial County Local Transportation Authority (the “ICLTA”), on behalf of the City of Calexico, California (the “Participating Agency”). This certificate is being delivered in connection with the issuance and delivery of the above-captioned series of revenue bonds (the “Bonds”), which were sold for the purpose of financing a portion of the costs of certain transportation projects (each, a “Project”) described in the *Tax Certificate Pertaining to Arbitrage and the Provisions of Sections 103 and 141-150 of the Internal Revenue Code of 1986* (the “Tax Certificate”) being delivered by the ICLTA. This certificate shall be an attachment to the Tax Certificate.

I, _____, am the Director of the Department of Public Works (the “Director”) of the Participating Agency, and I hereby certify that:

- i) I am a Professional Engineer;
- ii) I am employed by the Participating Agency and am providing this certificate in connection with the Project(s), the major components of which are described on Exhibit A hereto, being financed with the proceeds of the Bonds;
- iii) I am aware that, and intend that, the ICLTA and the Participating Agency will rely in part upon this certificate in demonstrating that its expectations set forth in the Tax Certificate with regard to the weighted average economic life of the Project(s) are reasonable, and am aware that, and intend that, Norton Rose Fulbright US LLP, as Bond Counsel to the ICLTA, will rely upon the Participating Agency’s representations on that question in reaching its opinion that interest on the Bonds is excluded pursuant to section 103(a) of the Internal Revenue Code of 1986 from the gross income of the owners thereof for federal income tax purposes, all as more particularly described in the Tax Certificate;
- iv) I have reviewed the Tax Certificate and related attachments, and am familiar with each of the Projects. In my capacity as the Director, I have been and will be involved in the design, planning, budgeting, acquiring and implementing of each of the Projects. I am personally familiar with the types of road, highway or other improvements comprised by each of the Projects; and

- v) On Exhibit A for each Project I have set forth a description of that Project, and for each major component thereof I have set forth: (i) my understanding of the presently estimated amount of proceeds of the Bonds to be allocated to capital expenditures for that component; (ii) if the component has not yet been placed in service, then the date on which I reasonably expect that the component will be placed in service; and (iii) the economic life of the component that, in my professional opinion, is reasonably expected (in each case measured from the later of the date hereof or the expected in service date of that component). In reaching my opinion as to economic lives, I have considered my experience with the acquisition and construction of comparable facilities owned and operated by the Participating Agency, and my knowledge of the maintenance procedures customarily followed by the Participating Agency with respect to such facilities, and I have assumed that the Participating Agency will acquire, construct and maintain the component in accordance with those historic practices. I have no reason to believe that these assumptions are not reasonable.

Based upon the foregoing, it is my professional opinion that the average economic life of the improvements comprised by the Project(s) (weighted in accordance with the amount of proceeds of the Bonds that I expect will be allocated to such improvements, and in each case measured from the later of the date of issuance of the Bonds or the date on which I reasonably expect such improvement will be placed in service) is not less than ___ years.

IN WITNESS WHEREOF, I have hereunto set my hand on [Closing Date].

CITY OF CALEXICO

By: _____
Name: _____
Director of Public Works

EXHIBIT A TO CERTIFICATE OF PROFESSIONAL ENGINEER

PROJECT DESCRIPTIONS

Description of Projects:

(textual description of project, including accounting, City Council authorization or other identifying information, location, purpose, major components and other material information):

<u>Description of Project Component</u>	Aggregate Amount of Component Capital Expenditures to be <u>Financed</u>	Expected <u>In-Service Date</u>	Expected <u>Economic Life</u>
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