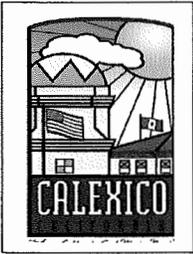


AGENDA
ITEM

16



AGENDA STAFF REPORT

DATE: June 6, 2018

TO: Mayor and City Council

PREPARED BY: David Dale, City Manager DD

SUBJECT: Adopt a Resolution of the City of Calexico Approving a Pledge Agreement (between the City of Calexico and the Imperial County Local Transportation Authority which commits the Calexico Sales Tax Revenues to repayment of the Series 2018A (Calexico) Bonds) and Authorizing and Directing Certain Actions with Respect Thereto

=====

Recommendation:

Adopt a Resolution of the City of Calexico Approving a Pledge Agreement (between the City of Calexico and the Imperial County Local Transportation Authority which commits the Calexico Sales Tax Revenues to repayment of the Series 2018A (Calexico) Bonds) and Authorizing and Directing Certain Actions with Respect Thereto.

Background:

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 on November 7, 1989, authorized the implementation of a half-cent transactions and use tax within the County of Imperial (the "Measure D Sales Tax"). 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 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. Under the 2008 Ordinance, the City of Calexico (the "City") is entitled to receive 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 the 2008 Ordinance.

The Authority has previously financed 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 2012B (the "Series 2012B Bonds"), payable from the Calexico Sales Tax Revenues.

**AGENDA
ITEM**
16

Discussion & Analysis:

The Authority intends to finance 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 2018 in one or more series, which shall be payable only from the Calexico Sales Tax Revenues and shall have a Series designation distinct from other bonds issued by the Authority, subject to the Authority's approval of an authorizing resolution. The series of bonds issued by the Authority to finance the Project is referred to herein as the "Series 2018A (Calexico) Bonds."

To facilitate the issuance of the Bonds, City staff recommends that the City Council of the City of Calexico adopt the attached Resolution and authorize the City to enter into the Pledge Agreement.

Fiscal Impact:

There is no fiscal impact to the City, however, release of Calexico Sales Tax Revenue from the Indenture for the Bonds would be deferred each year until the full annual debt service has been set aside to repay the Bonds.

Coordinated With:

Public Works Department.

Attachment(s):

1. Resolution of City of Calexico Approving a Pledge Agreement and Authorizing and Directing Certain Actions with Respect Thereto.
2. Pledge Agreement.

RESOLUTION NO. _____

A RESOLUTION OF THE CITY OF CALEXICO APPROVING A PLEDGE AGREEMENT AND AUTHORIZING 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 on November 7, 1989, 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 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 the 2008 Ordinance; and

WHEREAS, the Authority has previously financed 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 2012B (the “Series 2012B Bonds”), payable from the Calexico Sales Tax Revenues; and

WHEREAS, the Authority intends to finance 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 2018 in one or more series, which shall be payable only from the Calexico Sales Tax Revenues and shall have a Series designation distinct from other bonds issued by the Authority, subject to the Authority’s approval of an authorizing resolution (the “Authority Resolution”). The series of bonds issued by the Authority to finance the Project is referred to herein as the “Series 2018A (Calexico) Bonds”; and

WHEREAS, there has been presented to this meeting of the City Council of the City (the “City Council”) a proposed form of Pledge Agreement (the “Pledge Agreement”), by and between the City and the Authority which commits the Calexico Sales Tax Revenues to repayment of the Series 2018A (Calexico) Bonds; and

WHEREAS, the payment of the Series 2018A (Calexico) Bonds from Calexico Sales Tax Revenues shall be on a parity with the Series 2012B Bonds; and

WHEREAS, the City has determined that it is in the best interest of the City to approve the Pledge Agreement and authorize and approve the transactions contemplated thereby; and

WHEREAS, Senate Bill 450 (Chapter 625 of the 2017-2018 Session of the California Legislature) (“SB 450”) requires that the governing body of a public body obtain from an underwriter, financial advisor or private lender and disclose, prior to authorizing the issuance of bonds with a term of greater than 13 months, good faith estimates of the following information in a meeting open to the public: (a) the true interest cost of the bonds, (b) the sum of all fees and charges paid to third parties with respect to the bonds, (c) the amount of proceeds of the bonds expected to be received net of the fees and charges paid to third parties and any reserves or capitalized interest paid or funded with proceeds of the bonds, and (d) the sum total of all debt service payments on the bonds calculated to the final maturity of the bonds plus the fees and charges paid to third parties not paid with the proceeds of the bonds;

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

Section 1. The City hereby approves the issuance of the Series 2018A (Calexico) Bonds by the Authority and requests the assistance of the Authority in connection with such issuance, subject to the adoption of the Authority Resolution and all actions taken and to be taken in furtherance of such issuance.

Section 2. Pursuant to California Government Code Section 5451, the City hereby acknowledges and affirms its assignment of all Calexico Sales Tax Revenues and the pledge of such Calexico Sales Tax Revenues established pursuant to the Pledge Agreement, unconditionally and irrevocably on a first priority basis, to the trustee for the Series 2018A (Calexico) Bonds for the payment of debt service on the Series 2018A (Calexico) Bonds, which shall take effect upon the execution of the Pledge Agreement.

Section 3. The form, terms and provisions of the 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 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 4. 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 5. In accordance with SB 450, good faith estimates of the following are set forth on Exhibit A attached hereto: (a) the true interest cost of the Series 2018A (Calexico) Bonds, (b) the sum of all fees and charges paid to third parties with respect to the Series 2018A

(Calexico) Bonds, (c) the amount of proceeds of the Series 2018A (Calexico) Bonds expected to be received net of the fees and charges paid to third parties and any reserves or capitalized interest paid or funded with proceeds of the Series 2018A (Calexico) Bonds, and (d) the sum total of all debt service payments on the Series 2018A (Calexico) Bonds calculated to the final maturity of the Series 2018A (Calexico) Bonds plus the fees and charges paid to third parties not paid with the proceeds of the Series 2018A (Calexico) Bonds.

Section 6. All actions heretofore taken by the officers and agents of the City with respect to the issuance of the Series 2018A (Calexico) Bonds and the pledge and assignment of the Calexico Sales Tax Revenues are hereby ratified, confirmed and approved.

Section 7. 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.

2018. **WHEREFORE**, this Resolution is passed, approved and adopted this ___ day of

Mayor

ATTEST:

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

APPROVED AS TO FORM:

City Attorney

EXHIBIT A

GOOD FAITH ESTIMATES

The following information was obtained from Samuel A. Ramirez & Co., Inc., as underwriter for Series 2018A (Calexico) Bonds, with respect to the Series 2018A (Calexico) Bonds, and is provided in compliance with Senate Bill 450 (Chapter 625 of the 2017-2018 Session of the California Legislature) with respect to the Series 2018A (Calexico) Bonds:

1. *True Interest Cost of the Bonds.* Assuming the maximum aggregate principal amount of the Series 2018A (Calexico) Bonds authorized (\$10,800,000) are sold and based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the true interest cost of the Series 2018A (Calexico) Bonds, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the Series 2018A (Calexico) Bonds, is 3.81%.

2. *Finance Charge of the Series 2018A (Calexico) Bonds.* Assuming the maximum aggregate principal amount of the Series 2018A (Calexico) Bonds authorized (\$10,800,000) are sold and based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the finance charge of the Series 2018A (Calexico) Bonds, which means the sum of all fees and charges paid to third parties (or costs associated with the Series 2018A (Calexico) Bonds), is \$326,200, as follows:

<u>Cost of Issuance</u>	<u>Amount</u>
Underwriter's Discount	\$97,200
Bond and Disclosure Counsel	72,000
Municipal Advisor	25,000
Trustee	12,500
Miscellaneous	6,000
Printing	6,000
Rating	12,500
Credit Enhancement	60,000
Surety Bond	35,000
Total	<u>\$326,200</u>

3. *Amount of Proceeds to be Received.* Assuming the maximum aggregate principal amount of the Series 2018A (Calexico) Bonds authorized (\$10,800,000) are sold and based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the amount of proceeds expected to be received by the Authority for sale of the Series 2018A (Calexico) Bonds less the finance charge of the Series 2018A (Calexico) Bonds described in 2 above and any reserves or capitalized interest paid or funded with proceeds of the Series 2018A (Calexico) Bonds, is \$10,550,000.

4. *Total Payment Amount.* Assuming the maximum aggregate principal amount of the Series 2018A (Calexico) Bonds authorized (\$10,800,000) are sold and based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the total payment amount, which means the sum total of all payments the Authority will make to pay debt

service on the Series 2018A (Calexico) Bonds plus the finance charge of the Series 2018A (Calexico) Bonds described in paragraph 2 above not paid with the proceeds of the Series 2018A (Calexico) Bonds, calculated to the final maturity of the Series 2018A (Calexico) Bonds, is \$17,124,480.

Attention is directed to the fact that the foregoing information constitutes good faith estimates only. The actual interest cost, finance charges, amount of proceeds and total payment amount may vary from the estimates above due to variations from these estimates in the timing of Series 2018A (Calexico) Bonds sales, the amount of Series 2018A (Calexico) Bonds sold, the amortization of the Series 2018A (Calexico) Bonds sold and market interest rates at the time of each sale. The date of sale and the amount of Series 2018A (Calexico) Bonds sold will be determined by the Authority based on need for project funds and other factors. The actual interest rates at which the Series 2018A (Calexico) Bonds will be sold will depend on the bond market at the time of each sale. The actual amortization of the Series 2018A (Calexico) Bonds will also depend, in part, on market interest rates at the time of sale. Market interest rates are affected by economic and other factors beyond the City's and the Authority's control. The Authority shall approve the issuance of the Series 2018A (Calexico) Bonds with a maximum true interest cost of 5.25%.

RESOLUTION CERTIFICATION

STATE OF CALIFORNIA)
)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 Regular Meeting held on _____, 2018, by the following vote:

Ayes: Board Members:

Noes: Board Members:

Absent: Board Members:

Witness my hand on _____, 2018.

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

PLEDGE AGREEMENT

By and between

IMPERIAL COUNTY LOCAL TRANSPORTATION AUTHORITY

and

CITY OF CALEXICO

Dated as of June 1, 2018

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This PLEDGE AGREEMENT, dated as of June 1, 2018 (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 on November 7, 1989, 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 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 has previously financed certain transportation projects for the City described in the County of Imperial Retail Transactions and Use Tax Expenditure Plan (the “2012 Project”) by issuing its Imperial County Local Transportation Authority Sales Tax Revenue Bonds (Limited Tax Bonds), Series 2012B (the “Series 2012B Bonds”) in the aggregate principal amount of \$15,410,000, which mature on June 1, 2032 and are payable from the Calexico Sales Tax Revenues; and

WHEREAS, the 2012 Project consisted of the following components, [add description of 2012 Project components and their completion dates]; and

WHEREAS, the Authority now intends to finance certain additional transportation projects for the City described in the County of Imperial Retail Transactions and Use Tax Expenditure Plan (the “2018 Project”) by issuing its Imperial County Local Transportation Authority Sales Tax Revenue Bonds (Limited Tax Bonds), Series 2018 in one or more series, which shall be payable from the Calexico Sales Tax Revenues and shall have a series designation distinct from other bonds issued by the Authority (the “Series 2018A Bonds”); and

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 to the date hereof, including as amended and supplemented by a Seventh Supplemental Indenture, dated as of June 1, 2018 (as so amended and supplemented, 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 Series 2012B Bonds, Series 2018A Bonds and any Parity Obligations.

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 Series 2018A Bonds to make all other deposits required under the Indenture and to reimburse the Authority for payments previously made with respect to the Series 2018A Bonds (and all past due amounts relating thereto), the Authority shall cause the remainder of the Calexico Sales Tax Revenues 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 Series 2018A Bonds. The payment of such costs and expenses shall not be a general fund obligation of the City and shall be payable solely from the Calexico Sales Tax Revenues and/or the proceeds of the Series 2018A 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 Series 2018A Bonds.

ARTICLE V

REPRESENTATIONS AND COVENANTS

Section 5.01. Maintenance of Effort. 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.

Section 5.02. Expenditure on Approved Projects. The City hereby covenants to use proceeds of the Series 2018A 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 2018A 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 2018A 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 2018A Bonds proceeds or Calexico Sales Tax Revenues expended on projects not appearing on the most recently approved five-year list of projects.

Section 5.03. Compliance with Tax Covenants. 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 2018A Bonds, the City will provide a Certificate of the Director of Public Works substantially in the form attached as Appendix C hereto.

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 Heber 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 Series 2018A Bonds are hereby recognized as third-party beneficiaries and Owners of a majority in aggregate amount of Bond Obligation of the Series 2018A 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

**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 Pledge Agreement, dated as of June 1, 2018, 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 a Pledge Agreement, dated as of June 1, 2018 (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 2018A

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 2018 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 2018 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 2018 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 2018 Projects. I am personally familiar with the types of road, highway or other improvements comprised by each of the 2018 Projects; and
- v) On Exhibit A for each 2018 Project I have set forth a description of that 2018 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 2018 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 June __, 2018.

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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