

**CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK (I-Bank)
INFRASTRUCTURE STATE REVOLVING FUND (ISRF) PROGRAM**

FINANCING AGREEMENT PREPAYMENT REQUEST

PREPAYMENT REQUEST

The City of San Marino submitted a request to prepay in full its Facility Lease Agreement as of February 1, 2012 (Attachment 1)¹.

BACKGROUND

Borrower	City of San Marino (City or Borrower)
Project Name	San Marino Public Library Project (Project)
Original Use of Proceeds	Project construction and I-Bank origination fee
I-Bank Board Approval Date	October 24, 2006
I-Bank Board Resolution No.	06-41
Agreement No.	CIEDB B05-075
Agreement Type	Facility Lease Agreement (Agreement)
Original Agreement Effective Date	January 1, 2007
Original Financing Amount	\$2,000,000
Interest Rate	2.84%
Term	30 years
Original Disbursement Deadline	November 14, 2008

Project Description

The Project consisted of the construction of a new 29,000 square foot public library: (1) to provide adequate room for the existing library collection; (2) that is handicap and energy efficient compliant; and (3) to provide a learning center for students who attend two public schools adjacent to the Project as well as other students in the community. The Project replaced a 55 year old, 16,000 square foot facility.

Prior Modifications and Amendments

None.

ANALYSIS OF PROPOSED PREPAYMENT

The City's Agreement matures January 1, 2037; however, the City has requested to payoff the Agreement as of February 1, 2012 (Prepayment). The City has verbally advised staff that it has received sufficient donations to prepay Base Rental Payments owed pursuant to the Agreement and would like to be debt free.

¹ Capitalized terms not defined herein are defined in the ISRF Program Bond documents.

The following table shows the February 1, 2012 payoff calculation (Attachment 2):

Base Rental: Principal Component	\$1,810,755.49
Base Rental: Interest Component due as of February 1, 2012 (Daily accrual: \$142.85)	\$25,855.58
Total Due	\$1,836,611.07

Section 5.05(b) of the Agreement requires the payment of 102% of the outstanding principal if the prepayment date is on or after ten years after the Effective Date (January 1, 2007) but prior to eleven years after the Effective Date. Staff has determined that a waiver of the 102% prepayment penalty is appropriate since the I-Bank will not incur any additional costs associated with this prepayment (see Compliance with the ISRF Program Bonds Master Indenture section below), and the early prepayment of the loan will allow the I-Bank the opportunity to relend these funds for a new ISRF Program eligible project.

Section 5.05(b) also requires the City to notify the I-Bank at least sixty (60) days prior to the date fixed for prepayment. Section 5.05(d) requires an additional prepayment notification to the I-Bank forty-five (45) days prior to any repayment or prepayment of the Agreement. Staff has determined that a prepayment on February 1, 2012, can be accommodated, and as such, a waiver of the notices required in the above-cited Agreement sections is warranted.

Project and Cost Eligibility

Not applicable. Project is complete.

Status of Project and Impact on Disbursement Schedule

Not applicable. Project is complete and fully disbursed.

Tax-Exempt Status

No changes.

Loan Underwriting Criteria

No effect.

Other Funding Sources/Project Financial Feasibility

Not applicable.

Compliance with the ISRF Program Bonds

The Agreement was funded with 2005 ISRF Program Bond proceeds and is pledged to the Master Indenture. Master Indenture Section 301, Pledge of Master Indenture Obligations; Transfer of Master Indenture Revenues, subsection (f) permits prepayment of Master Indenture Obligations prior to October 1, 2014, if following prepayment there is compliance with the Coverage Test for each Series. As of December 31, 2011, the Coverage Test for each Series (Infrastructure State Revolving Fund Revenue Bonds

Series 2004, 2005, and 2008) (Attachment 3) is in compliance with Section 301 of the Master Indenture, and the early payoff of this Agreement has no effect on the Coverage Tests for each Series.

As such, staff has determined that the Prepayment is allowed under the Master Indenture.

California Environmental Quality Act (CEQA)

Not applicable. Project is complete.

LEGAL ISSUES

The Prepayment requires the following legal actions:

- Waiver of Sections 5.05 (b) and (d) of the Agreement.
- Termination of the Site Lease and the Agreement.

BORROWER'S AUTHORIZATION

A new Borrower resolution is not required for the Prepayment.

OTHER ISSUES

None.

APPROVAL AUTHORIZATION

Pursuant to Resolution 11-24 adopted by the I-Bank Board on September 27, 2011, the I-Bank's Executive Director has been delegated the authority to amend or modify financing documents associated with the ISRF Program Loans so long as such proposed amendment (A) is consistent with the intent of the Board resolution that approved the initial ISRF Program Loan; (B) is approved by counsel to the I-Bank and (C) does not involve any of the following: (1) any increase in the principal amount of the ISRF Program Loan; (2) any extension of the final maturity date; (3) any change in the security pledged to repay the ISRF Program Loan; (4) any change in the interest rate. Staff has determined that the Prepayment falls within the Executive Director's approval authority pursuant to Resolution 11-24.

STAFF RECOMMENDATION

Staff recommends approval of the Prepayment and the waiver the Agreement prepayment notices as discussed herein.

ATTACHMENTS

- Attachment 1 Borrower's Request for Prepayment
- Attachment 2 Agreement Financing Balance Data
- Attachment 3 ISRF Program Bonds Series Coverage Tables
as of December 31, 2011

Prepared
by:



John Belmont, ISRF Support Unit Loan Officer

1/18/12
Date

Reviewed
by:



Diane Cummings, ISRF Program Manager
 Modified Amortization Schedule Approved, if applicable
Comments:

1/18/12
Date

Reviewed
by:



Carlos Nakata, ISRF Support Manager
 Modified Amortization Schedule Approved, if applicable
Comments:

1/18/12
Date

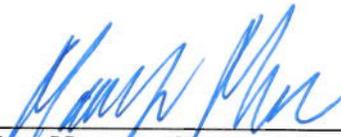
Reviewed
by:



Tom Tengan, Sr. Staff Counsel
Comments:

1/19/12
Date

Reviewed
for
Delegation
by:



Marilyn Munoz, General Counsel
 The modification request falls within the authority delegated to the Executive Director.
I-Bank Board consideration and approval is not required.
 The modification request does not fall within the delegated authority of the I-Bank
Executive Director, and Board consideration and approval of the request is required.
Comments:

1/20/12
Date

Reviewed
by:



Roma Cristia-Plant, Asst. Executive Director
Comments:

1/20/12
Date

Approved
by:



Stanton Hazelroth, I-Bank Executive Director
Comments:

1-20-12
Date

Attachment 1
Borrower's Request for Prepayment

From: Lisa Bailey <LBAiley@SanMarinoCA.gov>
Sent: Tuesday, January 10, 2012 9:23 AM
To: Belmont, John; Nakata, Carlos
Cc: Matt Ballantyne
Subject: RE: San Marino's Lease

Follow Up Flag: Follow up
Flag Status: Flagged

Hi John & Carlos – In response to our phone conversation this morning, we would like to pay off our lease principal of \$1,810,755.49. I understand there is accrued interest through 2/1/12 of \$25,712.73 also due. You stated that we will need to pay \$2,716.15 for the rental payment for the first 6 mos. We did pay a fee to Wells Fargo of \$5,580.22 (annual fee). Was that the same thing? You have also agreed to waive the 2% prepay penalty because our funds were not pledged to outstanding bonds. Thank you for that! Please send a payoff invoice so that I may send a wire to the trustee by 2/1/12. Thank you and have a great day.

Lisa Bailey, CPA
Finance Director
City of San Marino
Phone (626)300-0704
Fax (626) 300-0709

Attachment 2 Agreement Financing Balance Data

Payoff Report By Loan ID						
I-Bank ISRF Program						
12/23/2011						
Loan ID	Maturity Date	Daily Accrual	Principal Interest	Late Fee Other Fees	Payoff Date	02/01/2012
Customer Name						Penalty Amt
Participant ID						Total
CIEDB-B05-075	08/01/2036	\$142.85	\$1,810,755.49	\$0.00	\$0.00	
City of San Marino			\$25,712.73	\$0.00		\$1,836,468.22

Attachment 3 ISRF Program Bonds Series Coverage Tables as of December 31, 2011

2004 ISRF Program Bonds Coverage Table

Date (as of October 1)	2004 Pledged Obligation Repayments	2004 Reserve Account Earnings ⁽¹⁾	Principal	Interest	Debt Service	Debt Service Coverage from 2004 Pledged Obligations ⁽²⁾	2004 Bonds Coverage Amount ⁽³⁾
2011	\$4,805,556	\$1,404	\$1,460,000	\$2,049,868	\$3,509,868	1.37	\$1,297,092
2012	4,699,339	1,403	1,530,000	1,976,868	3,506,868	1.34	1,193,874
2013	4,699,068	1,400	1,600,000	1,900,368	3,500,368	1.34	1,200,100
2014	4,698,788	1,397	1,640,000	1,852,368	3,492,368	1.35	1,207,817
2015	4,698,498	1,396	1,690,000	1,799,888	3,489,888	1.35	1,210,006
2016	4,698,199	1,392	1,765,000	1,715,388	3,480,388	1.35	1,219,203
2017	4,585,186	1,357	1,765,000	1,627,138	3,392,138	1.35	1,194,405
2018	4,584,866	1,354	1,825,000	1,560,950	3,385,950	1.35	1,200,270
2019	4,584,536	1,352	1,910,000	1,469,700	3,379,700	1.36	1,206,188
2020	4,584,194	1,350	2,000,000	1,374,200	3,374,200	1.36	1,211,344
2021	4,531,224	1,332	2,055,000	1,274,200	3,329,200	1.36	1,203,356
2022	4,391,602	1,287	2,045,000	1,171,450	3,216,450	1.37	1,176,439
2023	4,276,941	1,252	2,060,000	1,069,200	3,129,200	1.37	1,148,993
2024	4,276,594	1,248	2,155,000	966,200	3,121,200	1.37	1,156,642
2025	4,276,235	1,245	2,255,000	858,450	3,113,450	1.37	1,164,030
2026	4,275,863	1,242	2,360,000	745,700	3,105,700	1.38	1,171,405
2027	4,275,478	1,239	2,470,000	627,700	3,097,700	1.38	1,179,017
2028	4,275,081	1,221	2,585,000	504,200	3,089,200	1.38	1,187,102
2029	4,274,669	1,140	2,705,000	374,950	3,079,950	1.39	1,195,859
2030	4,274,242	1,007	2,835,000	239,700	3,074,700	1.39	1,200,549
2031	2,737,309	741	1,825,000	119,213	1,944,213	1.41	793,837
2032	1,296,428	1,022,059	980,000	41,650	1,021,650	2.27	1,296,837
TOTALS:	\$93,799,894	\$1,048,818	\$43,515,000	\$25,319,349	\$68,834,349		\$26,014,363

¹⁾ Assumes the 2004 Reserve Account earns interest at 0.04% per annum. The 2004 Reserve Account earnings include liquidation of the 2004 Reserve Account at maturity, and account for reductions in the amounts invested in the 2004 Reserve Account over time due to changes in the Reserve Requirement. As of 12/31/11, the 2004 Reserve Account was principally invested in U.S. Treasury Notes.

²⁾ Debt service coverage calculation includes earnings from the 2004 Reserve Account.

³⁾ Available for transfer to the Cross Collateral Account under the Master Indenture, after replenishment of reserves, payment of administrative expenses and rebate amounts.

2005 ISRF Program Bonds Coverage Table

Date (as of October 1)	2005 Pledged Obligation Repayments	2005 Reserve Account Earnings ⁽¹⁾	Principal	Interest	Annual Debt Service	Debt Service Coverage from 2005 Pledged Obligations ⁽²⁾	2005 Bonds Coverage Amount ⁽³⁾
2011	\$4,903,244	\$1,511	\$1,695,000	\$2,141,631	\$3,836,631	1.28	\$1,068,124
2012	4,922,919	1,492	1,780,000	2,073,831	3,853,831	1.28	1,070,580
2013	4,916,783	1,472	1,845,000	2,002,631	3,847,631	1.28	1,070,624
2014	4,935,628	1,449	1,935,000	1,928,831	3,863,831	1.28	1,073,246
2015	4,928,660	1,424	2,025,000	1,832,081	3,857,081	1.28	1,073,003
2016	4,946,672	1,396	2,140,000	1,730,831	3,870,831	1.28	1,077,237
2017	4,938,869	1,364	2,240,000	1,623,831	3,863,831	1.28	1,076,402
2018	4,956,044	1,328	2,365,000	1,511,831	3,876,831	1.28	1,080,541
2019	4,972,405	1,288	2,500,000	1,393,581	3,893,581	1.28	1,080,112
2020	4,987,948	1,241	2,630,000	1,274,831	3,904,831	1.28	1,084,358
2021	5,002,675	1,186	2,770,000	1,143,331	3,913,331	1.28	1,090,530
2022	4,654,084	1,122	2,630,000	1,004,831	3,634,831	1.28	1,020,375
2023	3,138,587	1,000	1,595,000	873,331	2,468,331	1.27	671,256
2024	3,127,243	1,000	1,660,000	799,563	2,459,563	1.27	668,680
2025	3,165,890	1,000	1,765,000	722,788	2,487,788	1.27	679,102
2026	3,177,944	992	1,860,000	641,156	2,501,156	1.27	677,780
2027	3,164,195	955	1,935,000	555,131	2,490,131	1.27	675,019
2028	3,175,437	907	2,030,000	465,638	2,495,638	1.27	680,706
2029	3,038,544	838	2,020,000	371,750	2,391,750	1.27	647,632
2030	3,048,973	749	2,130,000	270,750	2,400,750	1.27	648,972
2031	1,799,194	576	1,275,000	164,250	1,439,250	1.25	360,520
2032	1,693,578	518	1,195,000	100,500	1,295,500	1.31	398,596
2033	1,114,131	856,092	815,000	40,750	855,750	2.30	\$1,114,473
TOTAL	\$88,709,647	\$880,900	\$44,835,000	\$24,667,679	\$69,502,679		\$20,087,868

⁽¹⁾ Assumes the 2005 Reserve Account earns interest at 0.04% per annum. The 2005 Reserve Account earnings include liquidation of the 2005 Reserve Account at maturity, and account for reductions in the amounts invested in the 2005 Reserve Account over time due to changes in the Reserve Requirement. As of 12/31/11, the 2005 Reserve Account was principally invested in U.S. Treasury Notes.

⁽²⁾ Debt service coverage calculation includes earnings from the 2005 Reserve Account.

⁽³⁾ Available for transfer to the Cross Collateral Account under the Master Indenture, after replenishment of reserves, payment of administrative expenses and rebate amounts.

2008 ISRF Program Bonds Coverage Table

Date (as of October 1)	2008 Pledged Obligation Repayments	2008 Reserve Account Earnings ⁽¹⁾	Principal	Interest	Annual Debt Service	Debt Service Coverage from 2008 Pledged Obligations ⁽²⁾	2008 Bonds Coverage Amount ⁽³⁾
2011	\$5,255,844	\$1,323	\$2,170,000	\$1,853,154	\$4,023,154	1.31	\$1,234,013
2012	5,255,952	1,296	2,235,000	1,788,054	4,023,054	1.31	1,234,194
2013	5,255,768	1,266	2,300,000	1,721,004	4,021,004	1.31	1,236,030
2014	5,255,578	1,234	2,360,000	1,661,204	4,021,204	1.31	1,235,608
2015	5,255,381	1,198	2,455,000	1,566,804	4,021,804	1.31	1,234,775
2016	4,008,292	1,160	1,595,000	1,494,381	3,089,381	1.30	920,071
2017	4,008,083	1,140	1,655,000	1,430,581	3,085,581	1.30	923,642
2018	4,007,867	1,119	1,725,000	1,364,381	3,089,381	1.30	919,605
2019	4,007,645	1,096	1,790,000	1,295,381	3,085,381	1.30	923,360
2020	4,007,415	1,069	1,880,000	1,205,881	3,085,881	1.30	922,603
2021	3,822,947	1,040	1,820,000	1,130,681	2,950,681	1.30	873,306
2022	3,673,073	1,011	1,780,000	1,057,881	2,837,881	1.29	836,203
2023	3,507,582	981	1,730,000	982,231	2,712,231	1.29	796,332
2024	3,507,322	953	1,815,000	895,731	2,710,731	1.29	797,544
2025	3,507,054	919	1,895,000	816,325	2,711,325	1.29	796,648
2026	3,351,841	879	1,865,000	731,050	2,596,050	1.29	756,670
2027	2,867,171	838	1,580,000	647,125	2,227,125	1.29	640,884
2028	2,677,949	807	1,510,000	576,025	2,086,025	1.28	592,731
2029	2,677,711	777	1,580,000	505,163	2,085,163	1.28	593,325
2030	2,528,189	740	1,540,000	430,113	1,970,113	1.28	558,816
2031	2,527,936	699	1,615,000	356,963	1,971,963	1.28	556,672
2032	1,968,342	620	1,270,000	280,250	1,550,250	1.27	418,712
2033	1,797,043	569	1,205,000	216,750	1,421,750	1.26	375,862
2034	1,587,003	507	1,110,000	156,500	1,266,500	1.25	321,010
2035	1,349,269	435	985,000	101,000	1,086,000	1.24	263,704
2036	1,349,019	1,087,185	1,035,000	51,750	1,086,750	2.24	1,349,454
TOTAL	\$89,017,276	\$1,110,861	\$44,500,000	\$24,316,363	\$68,816,363		\$21,311,774

⁽¹⁾ Assumes 2008 Reserve Account earnings at 0.04% per annum. The 2008 Reserve Account earnings include liquidation of the 2008 Reserve Account at maturity, and account for reductions in the amounts invested in the 2008 Reserve Account over time due to changes in the Reserve Requirement. As of 6/30/11, the 2008 Reserve Account was principally invested in U.S. Treasury Notes.

⁽²⁾ Debt service coverage calculation includes estimated earnings from the 2008 Reserve Account.

⁽³⁾ Available for transfer to the Cross Collateral Account under the Master Indenture, after replenishment of reserves, payment of administrative expenses and rebate amounts.

WAIVER

This waiver ("Waiver") relates to that certain Facility Lease by and between the City of San Marino (the "City") and the California Infrastructure and Economic Development Bank (the "I-Bank") dated as of January 1, 2007 (the "Facility Lease").

All capitalized terms used, but not otherwise defined in this Waiver shall have the meanings given in the Facility Lease.

WHEREAS, Section 5.05(b) of the Facility Lease requires that upon prepayment of the all or a portion of the Base Rental Payments on or after ten years after the Effective Date but prior to eleven years after the Effective Date, the prepayment amount shall be one hundred two percent (102%) of the outstanding principal amount;

WHEREAS, Section 5.05(b) of the Facility Lease requires that the City provide the I-Bank with at least sixty (60) days notice prior to the date fixed for any prepayment;

WHEREAS, Section 5.05(d) of the Facility Lease requires that City notify the I-Bank at least forty-five (45) days before making any prepayment of the Facility Lease; and

NOW, THEREFORE, in order to allow the City to prepay the Base Rental Payments and avoid having to comply with the prepayment and notice requirements set forth above, the I-Bank hereby waives the requirements in Sections 5.05(b) and 5.05(d) of the Facility Lease. The I-Bank, however, does not waive any document retention requirements of the City as required by applicable law.

CALIFORNIA INFRASTRUCTURE AND
ECONOMIC DEVELOPMENT BANK

By Stanton C. Hazelroth
Stanton C. Hazelroth 1-20-12
Executive Director