

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

**MODIFICATION STAFF REPORT
DISBURSEMENT PERIOD EXTENSION**

Modification #	Amendment #	Borrower Name	Application Number
3	3	City of Davis (Borrower)	09-0252
		Project Name	Loan Number
		East Area Tank (CIP 8172) and Other Components of the Davis Well Capacity Replacement EIR Project (Project) (as amended)	B08-093

Original Project Description

The Project components are as follows:

Construction, contingency, engineering, architecture, design, environmental, permits, construction management costs and financing costs related to a 4 million gallon municipal water storage tank and an 8.6 million gallon per day pump station, associated yard piping and water transmission main, to connect to the existing city water distribution system.

Original Loan Amount	Effective Date of Agreement	Original Disbursement Expiration Date
\$ 10,000,000.00	July 1, 2009	September 24, 2011

PRIOR MODIFICATIONS

Modification #	Amendment #	Description of Modification
1	1	The City of Davis (City) submitted a written request dated October 13, 2009 (Written Request) to modify the Enterprise Fund Installment Sale Agreement dated July 1, 2009 (Agreement) by adding two additional project components to its East Area Water Storage Tank Capital Improvement Project (CIP2172) (Original Project). On July 12, 2010, the City submitted a revised request asking that the Agreement be modified to add only one of the components requested in its Written Request. Consistent with the Revised Request and discussions with the City, the additional component consists of the installation of manganese wellhead treatment equipment and other improvements to complete Well 32 (Amended Project).

Revised Loan Amount	Effective Date of Amendment	Revised Disbursement Expiration Date
N/A	December 1, 2010	N/A

Modification #	Amendment #	Description of Modification
2	2	Extend disbursement deadline from September 24, 2011 to February 29, 2012.

Revised Loan Amount	Effective Date of Amendment	Revised Disbursement Expiration Date
N/A	December 15, 2011	February 29, 2012

CURRENT MODIFICATION REQUEST

Description of and Reason for Disbursement Period Extension Request

The Borrower requests an extension to the disbursement deadline to May 31, 2012. A delay was caused by longer than anticipated testing of the surface improvements at Well 32 and completion of all punch list items by the contractor (Attachment 1).

Current Status of Project	Balance Undisbursed Loan Proceeds
The Project is in the final operational and performance testing phase.	\$ 104,512.96 (Attachment 2)

Revised Project Timeline

Amended Project construction completion projected for April 23, 2012; Notice of Completion estimated for April 30, 2012 (Attachment 1).

Proposed Amendment Effective Date, if applicable Date	Proposed Disbursement Expiration Date (set at approximately 90 days past Project completion)
February 29, 2012	May 31, 2012

COMPLIANCE WITH AGREEMENT COVENANTS

Date of Last Annual Surveillance	Date of Receipt of Compliance Data Since Last Review
2010-2011	Not due until January 31, 2013
In Compliance? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Explain:	In Compliance with Reporting Requirements? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Explain:
Paid as Agreed?	Other/Special Conditions?
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Explain:	<input type="checkbox"/> Yes Explain: <input checked="" type="checkbox"/> No

BORROWER'S AUTHORIZATION

SECTION 8.13. Contact Persons. (b) The Purchaser Project manager shall be the Davis City Manager or such other person as may be designated in writing by the Purchaser. The Purchaser Project manager shall be the Purchaser's representative for the administration of this Agreement and shall have full authority to act on behalf of the Purchaser. The Davis City Manager or such other person as designated by the Davis City Manager may designate in writing another person or persons authorized to request disbursement of Project Funds. All communications given to the Purchaser Project manager shall be as binding as if given to the Purchaser.

Requested Agreement amendment falls under Section 8.13 authorization and a purchaser resolution is not required

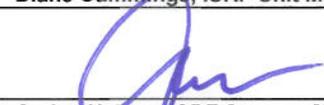
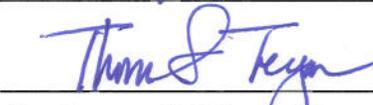
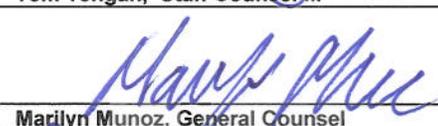
Pledged to:	Select Appropriate Indenture Provision:
<input type="checkbox"/> 2004 ISRF Program Bonds <input type="checkbox"/> 2005 ISRF Program Bonds <input type="checkbox"/> 2008 ISRF Program Bonds <input checked="" type="checkbox"/> Master Indenture <input type="checkbox"/> Other	<input checked="" type="checkbox"/> The Agreement is pledged to the Master Indenture for the ISRF Program Bonds. Section 302, Release, Addition and Amendment of Master Indenture Obligations, subsection (b) states that the I-Bank may, at its discretion, amend or waive the terms of the Master Indenture Agreements in any manner. As such, the proposed modifications are allowed under the Master Indenture. <input type="checkbox"/> The Agreement is pledged to the Series Indenture for the one of the series ISRF Program Bonds. Section 607, Release, Addition and Amendment of a Pledged Obligations, subsection (b) of the Indenture states that the I-Bank (Issuer) may amend the payment provisions of any series pledged Agreement if, prior to such amendment, the Issuer delivers to the Trustee and each Rating Agency an Officer's Certificate that demonstrates compliance with the Coverage Test after taking into effect the amendment. As long as the Issuer complies with the immediately preceding sentence, the Issuer may amend any of the other provisions of any series pledge Agreement in its discretion. The proposed modifications do not impact any payment provisions. As such, the proposed modifications are allowed under the applicable series ISRF Program Bonds Indenture. <input type="checkbox"/> Not Applicable since the loan is not pledged to the ISRF Program Bonds.

STAFF RECOMMENDATION

Staff concludes extension of disbursement period request is reasonable.

Yes—Staff recommends approval of this modification as presented.
 No Explain:

Prepared by:		Date	4/3/12
	Jamie Fuentes, Municipal Finance Analyst		

REVIEW AND APPROVALS	
Reviewed by:  Diane Cummings, ISRF Unit Manager	4/5/12 Date
Reviewed by:  Carlos Nakata, ISRF Support Manager	4/5/12 Date
Reviewed by:  Tom Tengan, Staff Counsel III	4/9/12 Date
Reviewed by:  Marilyn Munoz, General Counsel <input checked="" type="checkbox"/> The above modification request falls within the authority delegated to the Executive Director. I-Bank Board consideration and approval is not required. <input type="checkbox"/> The modification request does not fall within the delegated authority of the I-Bank Executive Director, and Board consideration of the request is required.	4/9/12 Date
Approved by:  Stanton Hazelroth, I-Bank Executive Director	4-9-12 Date

Attachments:

- Attachment 1 – Disbursement Extension Request from City Manager
- Attachment 2 - Borrower Statement of Account

ATTACHMENT 1

CITY MANAGER'S OFFICE

23 Russell Boulevard - Davis, California 95616
530/757-5602 - FAX: 530/757-5603 - TDD: 530/757-5666



Handwritten signature and date: 3/29/12

March 26, 2012

RECEIVED
MAR 29 2012
I-BANK

California Infrastructure and Economic Development Bank
Attn: ISRF Support Unit Manager
980 9th Street, Suite 900
Sacramento, CA 95814

Subject: Request for Enterprise Fund Installment Sale Amendment Agreement No. CIEDB B08-093

Dear Mr. Nakata:

The City of Davis is requesting extension of the disbursement deadline to May 31, 2012, to allow time for the final disbursement request to be submitted. The delay was caused by longer than anticipated testing of the surface improvements at our Well 32 project and completion of all punch list items by the Contractor.

The main reason for this final contract disbursement deadline request is due to the fact that the Contractor had to successfully perform operational and performance testing of the well and, more specifically, the manganese treatment system, for 15 consecutive days without faults or alarms. This testing flushed out numerous operational and programming issues including proper operation of the filter backwash and rinse cycles, testing of all operational and alarm set points, testing of emergency power hookup by generator, retrofit of chlorine tank with transducer for level reading, and retrofit of HVAC unit for proper operation. There were numerous faults and alarms encountered throughout this process which has prolonged the acceptance period of the operational and performance testing.

Construction completion is projected for April 23, 2012 with filing of the Notice of Completion estimated for April 30, 2012.

If you require additional documentation, please contact Jacques DeBra or Michael Mitchell at 530-756-5686.

Regards,

Handwritten signature of Steven J. Pinkerton
Steven J. Pinkerton
City Manager

CITY OF DAVIS



ATTACHMENT 2

Loan Disbursements Report By Customer

I-Bank ISRF Program
 4/3/2012

Begin Date : 7/1/2010
 End Date : 4/3/2012

Customer ID Customer Name	Facility ID	Loan ID	Branch GL Code	Effective Posted	Loan Draw Principal Cap	Other Draw Escrow Draw	Total Draw
CIEDB-B08-093 City of Davis	CIEDB-B08-093	CIEDB-B08-093	GL-1	07/26/2010 09/15/2010	\$3,746,778.86 \$0.00	\$0.00 \$0.00	\$3,746,778.86
CIEDB-B08-093 City of Davis	CIEDB-B08-093	CIEDB-B08-093	GL-1	07/26/2010 09/16/2010	(\$3,746,778.86) \$0.00	\$0.00 \$0.00	(\$3,746,778.86)
CIEDB-B08-093 City of Davis	CIEDB-B08-093	CIEDB-B08-093	GL-1	07/26/2010 09/16/2010	\$3,831,778.86 \$0.00	\$0.00 \$0.00	\$3,831,778.86
CIEDB-B08-093 City of Davis	CIEDB-B08-093	CIEDB-B08-093	GL-1	08/05/2010 09/16/2010	\$947,249.47 \$0.00	\$0.00 \$0.00	\$947,249.47
CIEDB-B08-093 City of Davis	CIEDB-B08-093	CIEDB-B08-093	GL-1	10/05/2010 11/08/2010	\$564,730.40 \$0.00	\$0.00 \$0.00	\$564,730.40
CIEDB-B08-093 City of Davis	CIEDB-B08-093	CIEDB-B08-093	GL-1	12/21/2010 12/29/2010	\$1,211,313.26 \$0.00	\$0.00 \$0.00	\$1,211,313.26
CIEDB-B08-093 City of Davis	CIEDB-B08-093	CIEDB-B08-093	GL-1	06/24/2011 06/28/2011	\$867,844.18 \$0.00	\$0.00 \$0.00	\$867,844.18
CIEDB-B08-093 City of Davis	CIEDB-B08-093	CIEDB-B08-093	GL-1	07/08/2011 07/12/2011	\$1,390,217.45 \$0.00	\$0.00 \$0.00	\$1,390,217.45
CIEDB-B08-093 City of Davis	CIEDB-B08-093	CIEDB-B08-093	GL-1	11/02/2011 11/08/2011	\$1,082,353.42 \$0.00	\$0.00 \$0.00	\$1,082,353.42
CIEDB-B08-093 Totals:	1 Loan(s)				\$9,895,487.04 \$0.00	\$0.00 \$0.00	\$9,895,487.04
Grand Totals:	1 Loan(s)				\$9,895,487.04 \$0.00	\$0.00 \$0.00	\$9,895,487.04

10,070,000
 104,512.96