

**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
2	2	City Of Davis	09-0252
		Project Name	Loan Number
		East Area Tank (CIP 8172) and Other Components of the Davis Well Capacity Replacement EIR Project	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, and the design, purchase and installation of manganese wellhead treatment equipment to existing Well 32, piping to connect Well 32 to the distribution system, electrical work and electrical building construction, installation of fire hydrants, security, and landscaping.

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 (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

CURRENT MODIFICATION REQUEST

Description of and Reason for Disbursement Period Extension Request

To allow time for the final disbursement request to be submitted, an additional component added in 2010 created a delay caused by longer than anticipated testing of the surface improvements at Well 32, the Amended Project component.

Current Status of Project	Balance Undisbursed Loan Proceeds
Amended Project under construction and is 99% complete.	\$ 104,512.96

Revised Project Timeline

Amended Project construction completion projected for December 23, 2011; Notice of Completion estimated for December 30, 2011.

Proposed Amendment Effective Date, if applicable Date	Proposed Disbursement Expiration Date (set at approximately 90 days past Project completion)
December 15, 2011	February 29, 2012. Although the City requested the extension to January 31, 2012, staff decided to extend the expiration date to February, 29, 2012 to allow sufficient time to submit the last disbursement request.

COMPLIANCE WITH AGREEMENT COVENANTS

Date of Last Annual Surveillance	Date of Receipt of Compliance Data Since Last Review
2009-2010	Not due until January 31, 2012
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? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Explain:	Other/Special Conditions? <input type="checkbox"/> Yes Explain: <input checked="" type="checkbox"/> No
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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: <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	Select Appropriate Indenture Provision: <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.
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STAFF RECOMMENDATION

Staff concludes extension of disbursement period request is reasonable.

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

Prepared by:	11/30/11
Jamie Fuentes, Municipal Finance Analyst	Date

REVIEW AND APPROVALS	
Reviewed by: <i>DC</i> <i>R. Cristina - Rled</i> Diane Cummings, ISRF Unit Manager	<i>11/30/11</i> Date
Reviewed by: <i>[Signature]</i> Carlos Nakata, ISRF Support Manager	<i>11/30/11</i> Date
Reviewed by: <i>[Signature]</i> Marilyn Munoz, General Counsel	<i>12/1/11</i> Date
<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.	
Approved by: <i>[Signature]</i> Stanton Hazelroth, I-Bank Executive Director	<i>12/8/11</i> 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: 530/757-5606



November 28, 2011

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 an extension of the disbursement deadline to January 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. These surface improvements contain a manganese treatment component that the City has not installed before and the testing is more extensive than we predicted.

Construction completion is projected for December 23, 2011 with filing of the Notice of Completion estimated for December 30, 2011.

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

Regards,

Steven J. Pinkerton
City Manager

CITY OF DAVIS

ATTACHMENT 2

BORROWER STATEMENT OF ACCOUNT

California Infrastructure & Economic Development Bank
 c/o CHP Cashiering Unit
 P.O. Box 942900
 Sacramento, CA 94298-2900

ACCOUNT NO: CIEDB-B08-093
 STATEMENT DATE: 11/29/2011
 PAGE NUMBER: 1

INTEREST THIS PERIOD: 126061.36

City of Davis
Attention: City Manager

23 Russell Boulevard, Suite 1
Davis, CA 95616

STATEMENT
 7/1/2010 To 11/29/2011

LOAN TERMS AND BALANCES

MATURITY:	8/1/2038	PRINCIPAL BALANCE:	9510336.37
NOTE RATE:	4.0000000000%	ACCRUING BALANCE:	\$9,614,849.33
NEXT PAYMENT DUE:	2/1/2012	UNPAID LATE CHARGES:	0
REGULAR PAYMENT:	0	UNPAID CHARGES:	0
PAYMENT FREQUENCY:	Semi-annually	ACCRUED INTEREST:	126061.36

LOAN ACTIVITY

EFFECTIVE DATE	POST DATE	REFERENCE	TOTAL RECEIVED	INTEREST	DISTRIBUTION PRINCIPAL	LATE	OTHER	PRINCIPAL BALANCE
7/26/2010	9/15/2010	Loan Draw	-3746778.86	0	-3746778.86	0	0	3746778.86
7/26/2010	9/16/2010	Loan Draw Reversal	3746778.86	0	3746778.86	0	0	0
7/26/2010	9/16/2010	Loan Draw	-3831778.86	0	-3831778.86	0	0	3831778.86
7/30/2010	9/20/2010	Loan Payment	388799.35	200000	188799.35	0	0	3642979.51
7/30/2010	9/20/2010	Admin Fee Payment	30000	0	0	0	30000	3642979.51
8/1/2010	8/2/2010	Admin Fee	-30000	0	0	0	-30000	3642979.51
8/5/2010	9/16/2010	Loan Draw	-947249.47	0	-947249.47	0	0	4590228.98
10/5/2010	11/8/2010	Loan Draw	-564730.4	0	-564730.4	0	0	5154959.38
12/21/2010	12/29/2010	Loan Draw	-1211313.26	0	-1211313.26	0	0	6366272.64
1/31/2011	3/15/2011	Loan Payment	196224	196224	0	0	0	6366272.64
6/24/2011	6/28/2011	Loan Draw	-867844.18	0	-867844.18	0	0	7234116.82
7/8/2011	7/12/2011	Loan Draw	-1390217.45	0	-1390217.45	0	0	8624334.27
7/27/2011	7/27/2011	Loan Payment	392575.33	196224.01	196351.32	0	0	8427982.95
7/27/2011	7/27/2011	Admin Fee Payment	29433.6	0	0	0	29433.6	8427982.95
8/1/2011	8/1/2011	Admin Fee	-29433.6019	0	0	0	-29434	8427982.95
11/2/2011	11/8/2011	Loan Draw	-1082353.42	0	-1082353.42	0	0	9510336.37
				592448.01	-9510336.37	0	-0.0019	9510336.37