CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK (IBank)
INFRASTRUCTURE STATE REVOLVING FUND PROGRAM (ISRF)

STAFF REPORT

EXECUTIVE SUMMARY

Applicant: City of San Gabriel (City)	**Total Amount Requested:** $6,400,000	**Term Requested:** 15 years	**Interest Rate[1]:** 3.5%	**Project Type:** ☒ Infrastructure Project ☐ Economic Expansion Project

Repayment Sources: Two loans repaid by:
1) The City's Measure R Special Revenue Fund (Measure R Fund)
2) The City's State Gas Tax Special Revenue Fund (Gas Tax Fund)

Funds Rating:
1) NA
2) NA

Repayment/Security: Total financing of $6,400,000 to be funded by two loans (IBank Loans), each loan repaid from and secured by a separate source as follows:
1) Senior lien on gross revenues of the City's portion of Measure R taxes as accounted for in the City's Measure R Special Revenue Fund (Measure R Fund) to secure a loan in the amount of $3,800,000.
2) Senior lien on 25% of the gross revenues of the City's portion of the State Gas Tax as accounted for in the City's Gas Tax Special Revenue Fund (Gas Tax Fund) to secure a loan in the amount of $2,600,000.

Other Covenants:
As to both loans:
1. **Future Senior Debt:** prohibited.
2. **Future Parity Debt:** allowed if net revenues provide aggregate debt service coverage of at least 1.25 times maximum annual debt service on all parity debt, inclusive of the then proposed financing.

As to Gas Tax loan:
3. **Gas Tax Revenue Limitation**: The City shall be limited to using 20% of its annual allocation of the State Gas Tax if issuing additional parity debt.

Project Name:
A Portion of the Accelerated Great Streets Program Project (Streets Project)

Project Location:
Various streets in the City (Attachment 1)

Project Description:
The Streets Project consists of upgrading, reconstructing, and rehabilitating approximately 5.4 lane miles of public streets that are located in the major economic areas of the City. See Attachment 1 of this Staff Report for a list of targeted streets.

Use of Financing Proceeds:
Financing will be used to fund Streets Project construction and contingency. The City will pay the IBank origination loan fee at closing; therefore, such fees are not included in either financing amount.

Streets Project Sources and Uses:

PROJECT SOURCES and USES			
Uses	**Sources**		
	IBank	**City of San Gabriel**	**Total**
Construction & Contingency	$6,400,000		$6,400,000
Origination Fee	$0	$64,000	$64,000
Total	**$6,400,000**	**$64,000**	**$6,464,000**

IBank Staff: Tad Thomas	**Date of Staff Report:** September 5, 2014
Date of IBank Board Meeting: September 23, 2014	**Resolution Number:** 14-12
Staff Recommendation: Staff recommends approval of Resolution No.14-12 authorizing financing to the City of San Gabriel's Accelerated Great Streets Project.	

(1)As of April 1, 2014

EXECUTIVE SUMMARY OF PROJECT AND CREDIT

The City of San Gabriel (City) is requesting an ISRF Program loan in the amount of $6.4 million to fund a portion of its Accelerated Great Streets Program (Streets Project), which consists of the repair and replacement of over a dozen street segments throughout the City. The proposed ISRF Program loan will allow the City to fund its street repairs under one comprehensive and coordinated program rather than waiting for monthly allocations of Measure R taxes and Gas Tax revenues. The City currently finances public street improvements through a number of funding sources using a "pay-as-you-go" method. IBank Staff recommends a plan of financing which provides the City with two (2) loans (IBank Loans), each payable from a separate source of revenue as described below.

Loan #1

Security: The first loan will be secured by a senior lien on gross revenues of the City's portion of Measure R taxes as accounted for in the City's Measure R Special Revenue Fund (Measure R Fund).

Loan Amount: $3,800,000
Term: 15 years
Interest Rate: 3.5%
IBank Fee: $38,000

Measure R is a local tax measure approved by the voters of the County of Los Angeles in 2008. Measure R taxes are a retail transaction and use tax of one-half of one percent. The Los Angeles County Metropolitan Transportation Authority (LACMTA) collects Measure R taxes and allocates fifteen percent (15%) of these revenues to City and County jurisdictions. The City reports such revenues through its Measure R Special Revenue Fund.

Staff's recommended financing amount for Loan #1 is based on the lowest annual total of Measure R revenues received by the City as reported in the City's audits for fiscal years ending (FYE) June 30, 2011, 2012, and 2013, the approved operating budget for FYE June 30, 2014, and the proposed operating budget for FYE June 30, 2015, for a total of five years considered.

Loan #2

Security: Senior lien on 25% of the gross revenues of the City's portion of the State Gas Tax as accounted for in the City's Gas Tax Special Revenue Fund (Gas Tax Fund).

Loan Amount: $2,600,000
Term: 15 years
Interest Rate: 3.5%
IBank Fee: $26,000

State Gas Tax revenues (Gas Tax) are collected by the State Board of Equalization on the sale of various transportation fuels. Gas Tax is allocated monthly to State agencies and local jurisdictions. State law limits the amount an agency or jurisdiction may use to service debt to a maximum of 25% of allocated Gas Tax. However, Staff used a 20% factor on allocated Gas Tax when determining the amount of Loan #2 and recommends a covenant prohibiting the City from issuing future parity debt, payable from Gas Tax, where the combined aggregate annual debt service, including the proposed debt, would exceed the 20% restriction.

The City will be required to covenant that it meets all statutory and program requirements of Measure R and the State Gas Tax, respectively, in addition to the statutory and program requirements of the IBank's *Amended and Restated Criteria, Priorities, and Guidelines* (Criteria), adopted October 29, 2013, and all other applicable law. Additional discussion of the data used by Staff in its analysis and recommendations for both loans is found further in this report under Credit Analysis.

Historical cash flow and debt service analysis for the proposed financings is presented below:

Measure R Special Revenue Fund

City of San Gabriel SPECIAL REVENUE FUND - MEASURE R CASH FLOW				City of San Gabriel SPECIAL REVENUE FUND MEASURE R	
	2011	2012	2013	2014	2015
	CAFR	CAFR	CAFR	Budget	Budget
Net Change in Fund Balance	372,594	399,628	323,274	(1,270,126)	419,842
+ Capital Outlay	0	1,760	111,187	1,735,126	50,158
Funds Available for Debt Service Balance	372,594	401,388	434,461	465,000	470,000
Proposed Debt Service[1]	$ 337,889	$ 337,889	$ 337,889	$ 337,889	$ 337,889
Debt Service Coverage Ratio	**1.10**	**1.19**	**1.29**	**1.38**	**1.39**

[1] Estimated as $3,800,000 at 3.50% for 15 years.

Gas Tax Special Revenue Fund

City of San Gabriel SPECIAL REVENUE FUND - GAS TAX CASH FLOW				City of San Gabriel SPECIAL REVENUE FUND MEASURE R	
`	2011	2012	2013	2014	2015
	CAFR	CAFR	CAFR	Budget	Budget
Net Change in Fund Balance	$403,063	$265,337	$361,042	$1,500,928	$59,000
+ Capital Outlay	$36,053	$484,879	$46,249	$2,141,928	$551,000
Funds Available for Debt Service	$439,116	$750,216	$407,291	$641,000	$492,000
Proposed Debt Service [1]	$231,200	$231,200	$231,200	$231,200	$231,200
Debt Service Coverage Ratio	**1.90**	**3.24**	**1.76**	**2.77**	**2.13**

[1] Estimated as $2,600,000 at 3.50% for 15 years.

STAFF RECOMMENDATIONS

Staff recommends Board approval of two (2) IBank Loans to the City of San Gabriel for the following reasons:

1) The financial plan represents a simple redirection of funds currently received by the City's Streets Project to service payments on the IBank Loans. Currently, the City waits until it accumulates sufficient funds to pay for necessary street improvements, thereby delaying much needed projects. Redirecting those funds to IBank debt service payments enables the City to accelerate implementation of its planned street improvements plan.
2) The allocations of Measure R Fund revenues and Gas Tax Fund revenues received by the City are sufficient to meet debt service requirements of each of the respective proposed loans.
3) The City of San Gabriel has no existing debt secured by either its Measure R Fund or its Gas Tax Fund.
4) The City anticipates growth in Measure R taxes as the economy grows and additional sales occur. The City budgeted receipt of $470,000 in Measure R taxes in fiscal year 2015. This amount exceeds the FY 2011 Measure R taxes, which was the basis used to establish the recommended $3,800,000 loan amount, by nearly 40%. Based upon the City's budget, debt service coverage for the proposed Measure R loan in FY 2015 is projected to be 1.39x.
5) State law allows a maximum of 25% of Gas Tax revenues to be used to service additional debt. Staff used a conservative factor of 20% to establish the recommended $2,600,000 loan amount. Staff's analysis demonstrates that net revenues from Gas Tax available for debt service on a loan of this amount provide debt service coverage ranging from a low of 1.76x to a high of 3.24x in the years analyzed.
6) Borrower to establish and maintain a Debt Service Reserve fund for each loan in an amount equal to one year's maximum annual debt service less annual fee for each of the respective loans.

PROJECT DESCRIPTION

The City requests ISRF Program financing in the total amount of $6,400,000 to improve approximately 5.4 miles of streets at various locations throughout the City (See Attachment 1). The Streets Project consists of the repair and replacement of asphalt concrete street pavement, construction of curb ramps in compliance with the Americans with Disabilities Act, installation of pavement markings, and the adjustment of utilities when necessary to establish appropriate grade.

The City documents its need for street improvements in its *2009-2010 Pavement Management Plan* (Plan) dated August 17, 2010. The Plan reveals that the City's streets were constructed in the early to mid-1900s, and that the City has had no formal street maintenance program. The Plan identifies approximately $21.9 million worth of street repair or replacement.

Currently, the City makes street improvements using a "pay-as-you-go" method wherein the City directly pays for repairs upon completion and only in the amounts of monthly or annual allocations received from a variety of sources. Using this method of funding, the City is forced to select only smaller projects or to delay repairs until sufficient funding is accumulated to begin larger projects. The proposed ISRF Program financing will allow the City to fund a comprehensive and coordinated construction program and accelerate project completion. The Streets Project work will commence in Spring 2015 and the City anticipates it to be completed with all segments by Fall 2016.

ISRF Program loan funds would pay for the following components:

- Preconstruction and site preparation
- Permits and fees, and construction contingency
- Construction of streets, curbs, and gutters

Construction will comply with Americans with Disabilities Act (ADA) requirements.

Public Benefits of the Streets Project

The City will realize several benefits from the Streets Project including: improved safety for vehicle and pedestrian traffic, increased property values, revitalization of business, improved transportation avenues for the public and commerce, reduced pollution factors,.

Public Benefits of Measure R Projects

In its report entitled *Construction Impact of Metro's Measure R Transportation Projects* (Update 2012), the Los Angeles County Economic Development Corporation (LACEDC) estimates that Measure R will result in $35.3 billion worth of transportation construction projects and generate approximately $67.3 billion in economic output in the five-county Southern California region (including within the City). Based upon these estimates, Measure R funding will produce approximately 409,080 jobs and generate labor income of approximately $24.9 billion over a thirty year period.

ELIGIBILITY CRITERIA

The City and the Project meet all applicable ISRF Program eligibility requirements. See section titled "Compliance with IBank Underwriting Criteria" below for information on credit analysis. Additionally, the Project is estimated to have a useful life of 20 years, which is greater than the term requested for the loan.

GENERAL INFORMATION

The City, home to Mission San Gabriel, the fourth of twenty-one missions built in California, grew outward from the historic mission and was the original township of the County of Los Angeles (County) in 1852. Today the City occupies approximately 4.1 square miles in the County ten miles northeast of the City of Los Angeles.

Incorporated in 1913, the City is a general law city operating under the council-manager form of government and is governed by a five-member City Council. Members of the City Council are elected at large and serve staggered four year terms. The City provides a full range of services that include police, fire, parks and recreation. The City has engineering, planning, traffic control, code enforcement, and general administrative services departments.

The City currently has a population of 40,313 persons. Over the past 10 years (2004 to 2014), the City's population has remained fairly stable with only a 722 person difference from a reported high of 40,440 persons in 2004 to the lowest level of 39,718 persons in 2010; this is less than a 2 percent change. Since 2010, the City's population has increased to nearly its historical high. The stability of the City's population reflects favorably on the proposed sources of repayment because both sources are sales taxes calculated on consumer purchases.

CREDIT ANALYSIS

Background

In its *2009-2010 Pavement Management Plan*, the City used a pavement management system developed by the US Army Corps of Engineers in the 1970's; a rating methodology still widely used by transportation civil engineers. The methodology identifies several pavement distress types and assigns a Pavement Condition Index (PCI) score based upon the density (area affected) and severity of the observed distress. The PCI scale ranges between 100 and 0, with 100 representing a pavement completely free of distress, and 0 corresponding to a pavement that has failed completely and can no longer be driven safely at the designed speed. The following table shows the PCI scale and corresponding condition of the pavement:

Pavement Condition Index (PCI)	Pavement Condition Rating (PCR)
86-100	Good
71-85	Satisfactory
56-70	Fair
41-55	Poor
26-40	Very Poor
0-25	Serious/Failed

The City's streets scored 56 out of 100, barely placing them in the "Fair" category and in need of attention. The Plan recommends that City spend an estimated $4.75 million per year over a ten year period to reach a "Satisfactory" condition.

Based on the Plan and subsequent meetings, the City Council adopted the "Great Streets Program", which divides the City's approach to restoring and preserving its streets into two major categories: maintenance and rehabilitation.

Maintenance

Streets requiring maintenance are those in need of crack sealing, slurry sealing, and minor asphalt overlays. The City estimates a need of approximately $2.75 million per year to maintain the streets in its present condition. The City allocates $600,000 per year out of the Gas Tax revenues towards the City's maintenance program, and plans to continue this funding. The City may increase this amount as additional funds become available.

Rehabilitation

Pavement rehabilitation will address major street repairs to streets considered in poor condition. Major repairs typically involve grinding down or removing old pavement and pouring a thick layer of asphalt concrete.

Plan of Finance

The City has historically paid for street repairs and improvements with its allocations of Measure R Funds, Gas Tax Funds, developer impact fees, and available General Fund monies. This pay-as-you-go method of financing limits the street repair projects that can be completed in any given year to the size of the allocations received. The proposed IBank financing will allow the City to repair a greater number of street projects at one time. The City proposes a $3,800,000 loan from the IBank that will be secured by and repaid with the City's Measure R revenues, and a second loan in the amount of $2,600,000 that will be secured by and repaid with the City's Gas Tax revenues. Any revenues not used for debt service required for the two loans will be available to the City to address additional street improvements providing that the City meets proposed IBank debt service reserve requirements. This plan of finance permits the City to:

1) address a larger number of street repairs
2) obtain more cost effective bid proposals that will lower the cost of construction
3) provide immediate funds to repair streets
4) prevent further street deterioration

The City requests IBank approval for the proposed financing based on its pledge of future allocations of Measure R and Gas Tax revenues.

Measure R

In November of 2008, voters of the County of Los Angeles (County) adopted a half-cent sales tax under Measure R to provide funding to meet the County's transportation needs. Measure R is a one-half of one percent (0.5%) retail transaction and use tax. Measure R taxes will be collected throughout the County over a period of 30 years and, unless extended by the County's voters before then, is due to expire in June of 2039 (25 years remain).

Measure R is administered by the Los Angeles County Metropolitan Transportation Authority (LACMTA), which is charged with allocating and distributing Measure R revenues to local jurisdictions such as the City. Measure R revenues may be used to finance work in the following nine transportation categories:

- Streets and Streets
- Traffic Control Measures
- Bikeways and Pedestrian Improvements
- Public Transit Services
- Public Transit Capital
- Transportation Marketing
- Planning Engineering and/or Study, Congestion Management Program
- Transportation Management
- Local Funding

Under the Local Funding category, LACMTA sets aside fifteen percent (15%) of all Measure R revenues for City and County jurisdictions (Jurisdictions). Jurisdictions may use Measure R revenues to fund street projects such as the repair and maintenance of public streets, pavement maintenance, slurry seals, chip seals, pot-hole repairs, pavement rehabilitation, street reconstruction, curb gutter, sidewalks, street signage, and catch basin repair (storm drains). Measure R guidelines (Guidelines) require the annual allocations to be used within 5 years of receipt.

Prior to using Measure R revenues, Jurisdictions must enter into an "Assurances and Understandings" agreement and have an expenditure plan approved by LACMTA. The expenditure plan must identify the proposed projects and is required to be updated each fiscal year by August 1. Jurisdictions are also required to submit a Measure R audit to LACMTA each fiscal year to ensure proper and timely use of Measure R revenues. The City has demonstrated to the IBank that it has entered into the Assurance and Understandings agreement; as of August 1, 2014, has an expenditure plan approved by LACMTA; and has submitted a Measure R annual audit for fiscal year 2013.

Measure R Risk Assessment

Guidelines require LACMTA to conduct a financial and compliance audit annually as part of its Consolidated Audit Program to verify compliance. Negative findings may result in LACMTA discontinuing future allocations and withholding funds for a maximum of three years. Such action would cause Measure R revenues to be unavailable to pay IBank debt service until the findings are cleared.

Although neither City nor IBank Staff expect an audit to result in negative findings, IBank Staff recommends covenants to the Measure R loan that (1) the City covenant to ensure continued compliance with Measure R Guidelines and that the City certifies to this effect in each of its annual certifications to the IBank; and (2) that the City fund, from any legally available source, and maintain a debt service reserve fund in an amount equal to one year's maximum annual debt service.

The proposed pledge of revenues is the City's allocation of Measure R revenues as reported in the City's CAFRs as the Measure R Fund.

Source of Revenue to Repay Proposed ISRF Program Financing:	Measure R Fund (and any subaccounts)
Applicant Proposed Lien Position:	[ ] Senior [X] Senior Parity [ ] Subordinate [ ] Subordinate Parity [ ] Other:
List Debt that is Senior to Proposed ISRF Program Financing:	None
List Debt On Parity with Proposed ISRF Program Financing:	None
List Debt Subordinate to Proposed ISRF Program Financing:	None
Type of Audited Financial Documents Reviewed:	[XX] Comprehensive Annual Financial Reports (CAFR) [ ] Audited Financial Statements
Audit Years Reviewed:	2011, 2012, 2013
The auditor's reports for all years indicate that the financial statements present fairly, in all material respects, the financial position of the City of San Gabriel and that the results of its operations and the cash flows are in conformity with generally accepted accounting principles.	[X] Yes [ ] No
Adopted Budget(s) Reviewed:	[X] Yes [ ] No
Budget Years Reviewed:	2013-2014 and Base Budget dated 3/28/2014
Applicant's Fiscal Year:	July 1 through June 30

Measure R Fund Comparative Balance Sheets

Analysis of the City's Measure R Fund Comparative Balance Sheets for the past three fiscal years is presented as follows:

City of San Gabriel SPECIAL REVENUE FUND - MEASURE R Comparative Balance Sheet						
For Fiscal Year Ending (FYE) June 30,	2011		2012		2013	
Source:	CAFR		CAFR		CAFR	
Assets						
Cash and investments	$646,989	100%	$1,009,856	96%	$1,379,857	100%
Due from other governments	0	0%	$38,118	4%	0	0%
Total Assets	**$646,989**	100%	**$1,047,974**	100%	**$1,379,857**	100%
Liabilities and Fund Balance						
Liabilities						
Accounts payable	$0	0%	$1,357	0.1%	$9,966	0.7%
Total Liabilities	**$0**	0%	**$1,357**	0.1%	**$9,966**	0.7%
Fund Balances (Deficit)						
Restricted	$646,989	100%	$1,046,617	100%	1,369,891	99%
Total Fund Balance	**$646,989**	100%	**$1,046,617**	100%	**$1,369,891**	99%
Total Liabilities and Fund Balance	**$646,989**	100.0%	**$1,047,974**	100.0%	**$1,379,857**	100.0%

Review of the above table finds that, with the exception of FY 2012, all assets are held in Cash and Investments. The June 2012 monthly allocation of Measure R revenues was delayed until July 2012, resulting in the accrual Due from Other Governments.

The table reflects minor amounts in accounts payable in FYs 2012 and 2013. Such amounts represent accrued balances due for consulting work provided to the City for construction administration services. The Total Fund Balances reflect the accumulation of Measure R allocations and are fully restricted for eligible activities as discussed above.

Measure R Fund Comparative Statement of Revenues, Expenditures and Changes in Fund Balance

City of San Gabriel SPECIAL REVENUE FUND - MEASURE R Statement of Revenues, Expenditures and Changes in Fund Balances							City of San Gabriel SPECIAL REVENUE FUND MEASURE R			
For Fiscal Year Ending (FYE) June 30,	2011		2012		2013		2014		2015	
Source:	CAFR		CAFR		CAFR		Budget		Budget	
Revenues										
Intergovernmental	359,141	96.4%	388,231	96.7%	412,712	95.0%	450,000	96.8%	450,000	95.7%
Investment Income	13,453	3.6%	13,157	3.3%	21,749	5.0%	15,000	3.2%	20,000	4.3%
Total Revenues	**$372,594**	**100.0%**	**$401,388**	**100.0%**	**$434,461**	**100.0%**	**$465,000**	**100.0%**	**$470,000**	**100.0%**
Expenditures										
Capital Outlay	0	0.0%	1,760	0.4%	111,187	25.6%	1,735,126	373.1%	50,158	10.7%
Total Expenditures	**$0**	0.0%	**$1,760**	0.4%	**$111,187**	25.6%	**$1,735,126**	373.1%	**$50,158**	10.7%
Excess (Deficiency) of Revenues Over (Under) Expenditures	372,594	100.0%	399,628	99.6%	323,274	74.4%	(1,270,126)	-273.1%	419,842	89.3%
Net Change in Fund Balance	**$372,594**		**$399,628**		**$323,274**		**($1,270,126)**		**$419,842**	
Fund Balance, Beginning of Year	$274,395		$646,989		$1,046,617		$1,369,891		$99,765	
Fund Balance, End of Year	$646,989		$1,046,617		$1,369,891		$99,765		$519,607	

The table reflects that the amount of Measure R revenues received by the City has grown from a low of $359,141 in 2011 to high of $412,712 in 2013. The City classifies the revenues, which are received from LACMTA, as “Intergovernmental” transfers. The table also shows the annual receipt of investment income from monies on deposit in the Measure R Fund and earnings on same that range from a low of $13,157 in FY 2012 to a high of $21,749 in FY 2013.

The City delayed using major portions of Measure R monies until 2013 when it spent $111,187 towards Capital Outlay for street improvements. The improvements included portions of San Gabriel and Mission Intersection ($77,303) and also the Interstate 10 Gateway Monument Sign ($33,882). There was only a small expenditure of $1,760 used in 2012 for initial startup costs. The balance of revenues less capital outlay appears in the Net Change in Fund Balance. Remaining revenues resulted in the increases to the Fund Balance. At year-end 2013, the CAFR shows a remaining Fund Balance of $1,369,891.

Measure R Fund Budget

Also included in the above table are the Budgets for the Measure R Fund for FYs 2014 and 2015. The Budget provides estimates of revenues the City anticipates receiving from LACMTA and the City’s proposed expenditures towards Capital Outlay in years FY 2014 and FY 2015.

In the 2014 Budget, the City allocated $1,735,126 towards Capital and Special Projects that included $329,831 for the Las Tunas Drive Rehabilitation project, $100,000 towards the ACE San Gabriel Trench project, and $1,305,295 that is being carried forward into FY 2014. In FY 2014, the City drew down $1,735,126 for the construction required for the Las Tunas Drive street segment from San Gabriel to Muscatel. The City has a remaining balance of approximately $99,765 of Measure R funds beginning FY 2015 plus another year’s annual allocation of approximately $450,000 and $20,000 of

investment interest. The City plans to spend another $50,158 in FY 2015, resulting in a FYE 2015 Fund Balance of $519,607.

Measure R Fund Debt Service Analysis

The City currently has no outstanding debt secured by Measure R Fund revenues. The required debt service for the proposed loan is approximately $337,889 as reflected below:

OBLIGATION MEASURE R							
Original Financing Amount	Origination Date	Issuer/ Lender	Maturity	Interest Rate %	MADS[(1)(2)]	Balance as of 06/1/2014	Lien Position/ Repayment Pledge
Proposed	*tbd*	*I-Bank*	*tbd*	*3.50%*	$337,889	*$3,800,000*	Senior lien
Total Debt						**$3,800,000**	

[(1)] Maximum Annual Debt Service

[(2)] Calculated as $3,800,000 at 3.50% for 15 years.

Measure R Fund Cash Flow Analysis

Historical cash flow of the Measure R Fund with the associated debt coverage analysis is as follows:

City of San Gabriel SPECIAL REVENUE FUND - MEASURE R CASH FLOW				City of San Gabriel SPECIAL REVENUE FUND MEASURE R	
	2011	2012	2013	2014	2015
	CAFR	CAFR	CAFR	Budget	Budget
Net Change in Fund Balance	372,594	399,628	323,274	(1,270,126)	419,842
+ Capital Outlay	0	1,760	111,187	1,735,126	50,158
Funds Available for Debt Service Balance	372,594	401,388	434,461	465,000	470,000
Proposed Debt Service[(1)]	$ 337,889	$ 337,889	$ 337,889	$ 337,889	$ 337,889
Debt Service Coverage Ratio	**1.10**	**1.19**	**1.29**	**1.38**	**1.39**

[(1)] Estimated as $3,800,000 at 3.50% for 15 years.

The above table provides the cash flow calculations for the Measure R Fund beginning with the Net Change in Fund Balance as reflected in the earlier Comparative Statement of Revenues, Expenditures and Changes in Fund Balance table for each year FY 2011, 2012, and 2013, as well as cash flow based upon the City's Budgets for FYs 2014 and 2015.

Staff added back historical and proposed Capital Outlay since all Measure R revenues will be available to pay IBank proposed debt service prior to any other capital expenditures. Staff used the resulting Cash Available for Debt Service to calculate the proposed loan size applying a Debt Service Coverage Ratio (DSCR) of 1.10, the lowest DSCR demonstrated in the analysis by the Measure R Fund (FY 2011). The level of debt service available at the 1.10 DSCR is approximately $337,889 supports a loan in the amount of $3,800,000 using a 15 year loan term and 3.5% interest rate. The table above shows DSCRs increasing each year.

In terms of variances noted in the projections, FY 2014 shows Cash Flow with the City spending down Measure R Fund balance in the amount of $1,735,126 that exaggerates the debt coverage ratio up to 1.38. Likewise, in 2015, the Capital Outlay of $50,158 slightly exaggerates the analysis, but we find a DSCR of 1.39 is achieved. The Cash Flow table shows that historical and projected revenues can support the proposed level of debt service and proposed loan amount based on the adjustments noted.

State Gas Tax

The State of California imposes motor vehicle fuel taxes (Gas Tax) on various transportation fuels. Gas Tax includes gasoline tax, diesel fuel tax, and a use tax. Vehicle fuels subject to the gasoline tax include gasoline, aviation gasoline, blends of gasoline and alcohol containing more than 15 percent gasoline, and any inflammable liquid used or usable for propelling motor vehicles operated by the explosion type of engine.

The State Board of Equalization registers fuel suppliers, administers tax compliance, audits tax payers, and administers appeals and refunds. The State Controller's Office (SCO) collects and allocates Gas Tax based on formulas provided in statute to State agencies, cities, and counties, and audits use of Gas Tax revenues. The SCO allocates Gas Tax monthly. Taxes may be used for the following purposes:

- Research
- Planning
- Construction
- Improvements
- Maintenance
- Operation of public streets and highways
- Mitigation of environmental effects
- Payment for property taken or damaged for such purposes
- Administrative costs necessarily incurred in the foregoing purposes

Gas Tax Risk Assessment

Staff discussed the potential for a decline in Gas Tax revenues with the City Finance Director. The following three factors were identified as influencing the public's use of gas and the resulting impact on Gas Tax revenues: (1) with increased gas prices, consumers are choosing alternative modes of transportation; (2) automobile manufacturers are building more fuel efficient vehicles; and (3) the growing popularity of non-gas vehicles (electric cars).

Statute allows jurisdictions, such as the City, to pledge up to 25 percent of Gas Tax allocations for the payment of debt service. In an effort to mitigate a decline in Gas Tax revenues, IBank Staff used a ceiling of 20 percent of the City's annual Gas Tax allocations when determining the amount of the proposed loan and is recommending as a covenant that the aggregate maximum annual debt service of all existing debt, including the proposed debt not exceed the 20 percent ceiling for the issuance of future

parity debt. Unused revenues provide a buffer and can still accumulate to be used for other Gas Tax program purposes.

The proposed pledge of revenues is the City's allocation of Gas Tax as reported in the City's CAFRs as the Gas Tax Fund.

Source of Revenue to Repay Proposed ISRF Program Financing:	City of San Gabriel Gas Tax Fund (and any subaccounts)
Applicant Proposed Lien Position:	[ ] Senior [X] Senior Parity [ ] Subordinate [ ] Subordinate Parity [ ] Other:
List Debt that is Senior to Proposed ISRF Program Financing:	None
List Debt On Parity with Proposed ISRF Program Financing:	None
List Debt Subordinate to Proposed ISRF Program Financing:	None
Type of Audited Financial Documents Reviewed:	[XX] Comprehensive Annual Financial Reports (CAFR) [ ] Audited Financial Statements
Audit Years Reviewed:	2011, 2012, 2013
The auditor's reports for all years indicate that the financial statements present fairly, in all material respects, the financial position of the City of San Gabriel and that the results of its operations and the cash flows are in conformity with generally accepted accounting principles.	[X] Yes [ ] No
Adopted Budget(s) Reviewed:	[X] Yes [ ] No
Budget Years Reviewed:	2013-2014 and 2014-2015
Applicant's Fiscal Year:	July 1 through June 30

Gas Tax Fund Comparative Balance Sheets

Analysis of the City's Gas Tax Fund Comparative Balance Sheets for the past three fiscal years is presented below:

City of San Gabriel SPECIAL REVENUE FUND - GAS TAX Comparative Balance Sheet						
For Fiscal Year Ending (FYE) June 30,	2011		2012		2013	
Source:	CAFR		CAFR		CAFR	
Assets						
Cash and investments	$1,480,262	100%	$1,651,433	93%	$2,021,596	96%
Receivables Accounts	0	0%	0	0%	$85,045	4%
Due from other governments	0	0%	$121,220	7%	0	0%
Total Assets	**$1,480,262**	100.0%	**$1,772,653**	100.0%	**$2,106,641**	100.0%
Liabilities and Fund Balance						
Liabilities						
Accounts payable	$0	0.0%	$27,054	1.5%	$0	0.0%
Total Liabilities	**$0**	0.0%	**$27,054**	1.5%	**$0**	0.0%
Fund Balances (Defecit)						
Restricted	$1,480,262	100.0%	$1,745,599	98.5%	$2,106,641	100.0%
Total Fund Balance	**$1,480,262**	100.0%	**$1,745,599**	98.5%	**$2,106,641**	100.0%
Total Liabilities and Fund Balance	**$1,480,262**	100.0%	**$1,772,653**	100.0%	**$2,106,641**	100.0%

As is the case with the Measure R Fund discussed above, the Comparative Balance Sheets for the Gas Tax Fund reflects Total Assets centered in Cash and Investment in each of the three years analyzed. The June 2012 monthly allocation of Gas Tax revenues was delayed until July 2012, resulting in the accrual Due from Other Governments. The City experienced a similar delay in FY 2013, however, recorded this event as an Accounts Receivable.

Similar to the Measure R Fund, the Gas Tax Fund Comparative Balance Sheets reflects minor amounts of Accounts Payable in FY 2012. Such amounts were for services rendered for traffic studies, engineering, and construction management.

Total Fund Balance reflects steady growth as the City has spent only a portion of its allocation received each year. (See Gas Tax Fund Comparative Statement of Revenues, Expenditures and Changes in Fund Balances that follows.) The entire Total Fund Balance is again reported as Restricted in each FY since the funds are restricted to be used towards only Gas Tax eligible activities.

Gas Tax Fund Comparative Statement of Revenues, Expenditures and Changes in Fund Balances

City of San Gabriel SPECIAL REVENUE FUND - GAS TAX Statement of Revenues, Expenditures and Changes in Fund Balances								City of San Gabriel SPECIAL REVENUE FUND MEASURE R			
For Fiscal Year Ending (FYE) June 30,		2011		2012		2013		2014		2015	
	Source:	CAFR	%	CAFR	%	CAFR	%	Budget		Budget	
Revenues											
	Intergovernmental	999,774	96.2%	1,319,897	97.8%	968,364	96.1%	1,226,000	98.8%	1,076,000	98.5%
	Investment Income	39,342	3.8%	30,319	2.2%	38,927	3.9%	15,000	1.2%	16,000	1.5%
Total Revenues		**$1,039,116**	**100.0%**	**$1,350,216**	**100.0%**	**$1,007,291**	**100.0%**	**$1,241,000**	**100.0%**	**$1,092,000**	**100.0%**
Expenditures											
	Capital Outlay	36,053	3.5%	484,879	35.9%	46,249	4.6%	2,141,928	172.6%	551,000	50.5%
Total Expenditures		**$36,053**	**3.5%**	**$484,879**	**35.9%**	**$46,249**	**4.6%**	**$2,141,928**	**172.6%**	**$551,000**	**50.5%**
Over (Under) Expenditures		**$1,003,063**		**$865,337**		**$961,042**		**($900,928)**		**$541,000**	
OTHER FINANCING USES											
	Transfers Out	(600,000)		(600,000)		(600,000)		(600,000)		(600,000)	
Net Change in Fund Balance		**$403,063**		**$265,337**		**$361,042**		**($1,500,928)**		**($59,000)**	
Fund Balance, Beginning of Year		**$1,077,199**		**$1,480,262**		**$1,745,599**		$2,106,641		$605,713	
Fund Balance, End of Year		**$1,480,262**		**$1,745,599**		**$2,106,641**		**$605,713**		**$546,713**	

The Gas Tax Fund's historical Statement of Revenues, Expenditures and Changes in the Fund Balances reflect that the City receives $968,364 to $11,319,897 in Gas Tax allocations per year. The City transferred $600,000 to the General Fund each year for preventive maintenance, such as crack sealing, slurry sealing, and minor asphalt overlays, as described in Project Description above. The net of revenues over expenses after transfers out has accrued to the Fund Balance for major street improvements.

Using the pay-as-you-go method for funding streets projects, the City spent $36,053 for the Del Mar Street rehabilitation project and a speed limit study in FY 2011; $484,879 on the Streets Project, bridge repairs, the San Gabriel and Mission intersection improvement, and for local street maintenance and other transportation improvements in FY 2012; and $46,249 on the Streets Project, the San Gabriel and Mission intersection, and a school transportation safety facility.

Gas Tax Fund Budget

Review of the current year's (2014) Budget found the City budgeting spending approximately $2,141,928 for projects identified under the Accelerated City's Great Streets Program and to transfer $600,000 to the General Fund for preventive maintenance as it has done historically.

The City's Base Budget includes estimates of Gas Tax allocations the City anticipates from State Controller's Office and also proposed expenditures for Capital Outlay in years FY 2014 and FY 2015.

Gas Tax Fund Debt Service Analysis

The City has no outstanding debt secured by the Gas Tax Fund. The required debt service for the proposed loan is approximately $231,200 as reflected below:

OBLIGATION GAS TAX							
Original Financing Amount	Origination Date	Issuer/ Lender	Maturity	Interest Rate %	MADS[(1)(2)]	Balance as of 06/1/2014	Lien Position/ Repayment Pledge
Proposed	*tbd*	*I-Bank*	*tbd*	*3.50%*	$231,200	*$2,600,000*	Senior lien
Total Debt						**$2,600,000**	

(1) Maximum Annual Debt Service

(2) Calculated as $2,600,000 at 3.50% for 15 years.

Gas Tax Fund Cash Flow and Debt Coverage Analysis

Historical cash flow of the Gas Tax Fund with the associated Debt Coverage Analysis presented as follows:

City of San Gabriel SPECIAL REVENUE FUND - GAS TAX CASH FLOW				City of San Gabriel SPECIAL REVENUE FUND MEASURE R	
`	2011	2012	2013	2014	2015
	CAFR	CAFR	CAFR	Budget	Budget
Net Change in Fund Balance	$403,063	$265,337	$361,042	$1,500,928	$59,000
+ Capital Outlay	$36,053	$484,879	$46,249	$2,141,928	$551,000
Funds Available for Debt Service	$439,116	$750,216	$407,291	$641,000	$492,000
Proposed Debt Service [(1)]	$231,200	$231,200	$231,200	$231,200	$231,200
Debt Service Coverage Ratio	**1.90**	**3.24**	**1.76**	**2.77**	**2.13**

(1) Estimated as $2,600,000 at 3.50% for 15 years.

The City proposes to use Gas Tax revenues to first pay debt service on the proposed ISRF Program and then use Gas Tax revenues to pay for other required street improvements or other eligible uses. The IBank financing will be used to pay for eligible street improvements according to current Criteria and Gas Tax requirements.

Similar to Measure R Fund Cash Flow, the above table provides the cash flow calculations for the Gas Tax Fund beginning with the Net Change in Fund Balance as reflected in the earlier Statement of Revenues, Expenditures and Changes in the Fund Balances table for FY 2011, 2012, and 2013, as well as cash flow based upon the City's Budgets for FYs 2014 and 2015.

The analysis adds back historical and proposed Capital Outlay and demonstrates the amount of funds available for debt service after such add back. Based on the proposed loan amount and debt service, Cash Flow analysis demonstrates the ability to meet or exceed a 1.30 DSCR in all years reviewed.

Debt Service Limit

City of San Gabriel SPECIAL REVENUE FUND - GAS TAX DEBT SERVICE LIMIT				City of San Gabriel SPECIAL REVENUE FUND MEASURE R	
	2011	2012	2013	2014	2015
	CAFR	CAFR	CAFR	Budget	Budget
Intergovernmental (Allocation)	$999,774	$1,319,897	$968,364	$1,226,000	$1,076,000
Limit for Debt Service is 25%	20%	20%	20%	20%	20%
Funds Available from Allocation	**$199,955**	**$263,979**	**$193,673**	**$245,200**	**$215,200**
Investment Income	$39,342	$30,319	$38,927	$15,000	$16,000
Total Funds Available for Debt Service	**$239,297**	**$294,298**	**$232,600**	**$260,200**	**$231,200**
Proposed Debt Service (1)	$231,200	$231,200	$231,200	$231,200	$231,200

Unlike Measure R, Gas Tax statutes restrict agency and jurisdictional use of allocated Gas Tax revenues for debt service to 25 percent Staff recommends a 20 percent ceiling on allocated Gas Tax revenues for debt service, instead of 25 percent to mitigate the risk associated with the potential shrinking of Gas Tax revenues. The table above reflects the Gas Tax Fund's historical and projected ability to service the proposed loan secured by the Gas Tax Fund.

Compliance with IBank Underwriting Criteria

The City of San Gabriel is an eligible applicant with an eligible project, and the proposed long term Fund obligations do not exceed 15 percent of total revenues and falls within and is in compliance with the ISRF Program Criteria, Priorities, and Guidelines.

Interest Rate Setting Demographics

The interest rate for the proposed ISRF loans was set based upon the following statistics obtained from the 2008-2012 American Community Survey (3-year estimates—1-year estimates were not available for the City).

Unemployment Rate	The City's unemployment rate was 7.2%, which is 59.5% of the State's rate of 12.1%.
Median Household Income	The City's median household income was $54,295, which is 91.5% of the State's median household income of $59,368.

STAFF RECOMMENDATION

Staff recommends adoption of Resolution No. 14-12 authorizing financing to the City of San Gabriel for the Project as follows:

1. **Applicant/Borrower:** City of San Gabriel (City)
2. **Project:** Accelerated Great Streets Pavement Rehabilitation (Project)
3. **Amount of Financing:** Total amount of financing $6,400,000
4. **Maturity:** No financing to exceed 15 years
5. **Repayment/Security:**
   a. Senior lien on gross revenues of the City's portion of Measure R taxes as accounted for in the City's Measure R Special Revenue Fund to secure a loan in the amount of $3,800,000.
   b. Senior lien on 25 percent of the gross revenues of the City's portion of the State Gas Tax as accounted for in the City's Gas Tax Special Revenue Fund to secure a loan in the amount of $2,600,000.
6. **Interest Rate:** 3.50%
7. **Fees:** Financing origination fee of 1.00% of the IBank financing and an annual fee of 0.30% of the outstanding principal balance.
8. **Not an Unconditional Commitment:** If approved by the Board, the IBank's resolution shall not be construed as an unconditional commitment to finance the Project, but rather IBank approval pursuant to the Resolution is conditioned upon entry by IBank and the City into a financing agreement, in form and substance satisfactory to the IBank and its counsel.
9. **Limited Time:** If approved by the Board, the Board's approval expires 180 days from the date of its adoption. Thus, the Borrower and the IBank must execute a financing agreement no later than 180 days from such date. Once the approval has expired, there can be no assurances that the IBank will be able to grant the loan to the Borrower or consider extending the approval period.
10. **Financing Agreement Covenants:** Aside from usual and customary terms and conditions for this type of financing, Staff recommends that the IBank's financing agreement, for each loan, include, without limitation, the following additional conditions and covenants:
    a. Borrower to establish and maintain a Debt Service Reserve fund for each loan in an amount equal to one year's maximum annual debt service less annual fee for each of the respective loans.
    b. Borrower to ensure continued compliance with all statutory and program requirements of Measure R and the State Gas Tax, as applicable to such loan, and Borrower to certify to this effect annually.
    c. Issuance of future debt senior to the subject debt is prohibited.
    d. For the Measure R Loan, issuance of future debt secured by the Measure R Fund on a parity basis with the ISRF Program financing is permitted if net Measure R Fund revenues, plus any debt service reserve previously established or to be established with the issuance of such parity debt, will provide future aggregate debt service coverage of at least 1.25 times maximum annual debt service on all parity debt, inclusive of the then proposed financing.
    e. For the Gas Tax Loan, issuance of future debt secured by Gas Tax Fund on a parity basis with the ISRF Program financing is permitted if (i) net Gas Tax

Fund revenues, plus any debt service reserve fund previously established or to be established with the issuance of such parity debt, will provide future aggregate debt service coverage of at least 1.25 times maximum annual debt service on all parity debt, inclusive of the then proposed financing; and (ii) the aggregated maximum annual debt service on all parity debt, inclusive of the then proposed financing does not exceed 20 percent of the City's annual allocation of Gas Tax revenues as of the date of the issuance of the additional parity debt.

f. Borrower to comply with all applicable requirements of ISRF Program Criteria, as well as all applicable laws, regulations and permitting requirements associated with public works projects.
g. Borrower to provide to the IBank within 240 days of the end of each and every fiscal year a copy of its audited financial statements for said fiscal year, as well as other information as the IBank may request from time to time.
h. Borrower to provide with its audited financial statements for each fiscal year a certification demonstrating compliance with the foregoing covenants.

California Infrastructure and Economic Development Bank
Infrastructure State Revolving Fund Program
City of San Gabriel

Exhibit 2(a) – Base Street Segments
Cost Estimate by Street Segment and Area of City

Street Name	*Limits*	*Engineering*	*Construction*	*Contingency*	*Total Estimate*
Southwest					
S Del Mar Avenue	Mission Road to I-10 Fwy	241,500	3,236,000	485,500	**$3,963,000**
Bilton Way	Fairview Ave to Orange St	11,500	229,000	34,500	**$275,000**
Northwest					
N Mission Drive	Las Tunas Dr to Roses Rd	50,200	502,000	75,300	**$627,500**
Santa Anita Street	Mission Rd to Mission Dr	24,700	247,000	37,000	**$308,700**
Adelyn Dr/Bradbury St	N Mission Dr to Las Tunas	36,000	360,000	54,000	**$450,000**
Mount Vernon Drive	Alhambra Rd (loop)	20,500	205,000	31,000	**$256,500**
Northeast					
Cresta Avenue	Las Tunas to Hermosa Drive	9,500	190,000	28,500	**$228,000**
N Pine Street	RR to Las Tunas	57,300	573,000	86,000	**$716,300**
Live Oak Street	San Gabriel Bl to California	11,800	118,000	18,000	**$147,800**
Southeast					
S Pine Street	Chestnut Ave to Mission Rd	34,100	341,000	51,300	**$426,400**
Palm Avenue	Valley Blvd to Wells St	18,500	365,000	55,000	**$438,500**
Charlotte Avenue	Mission Rd to Grand Ave	7,000	135,000	20,300	**$162,300**
TOTAL PRELIMINARY ESTIMATE		**522,600**	**6,501,000**	**976,400**	**8,000,000**

Attachment 1
Exhibit 2 (a & b)

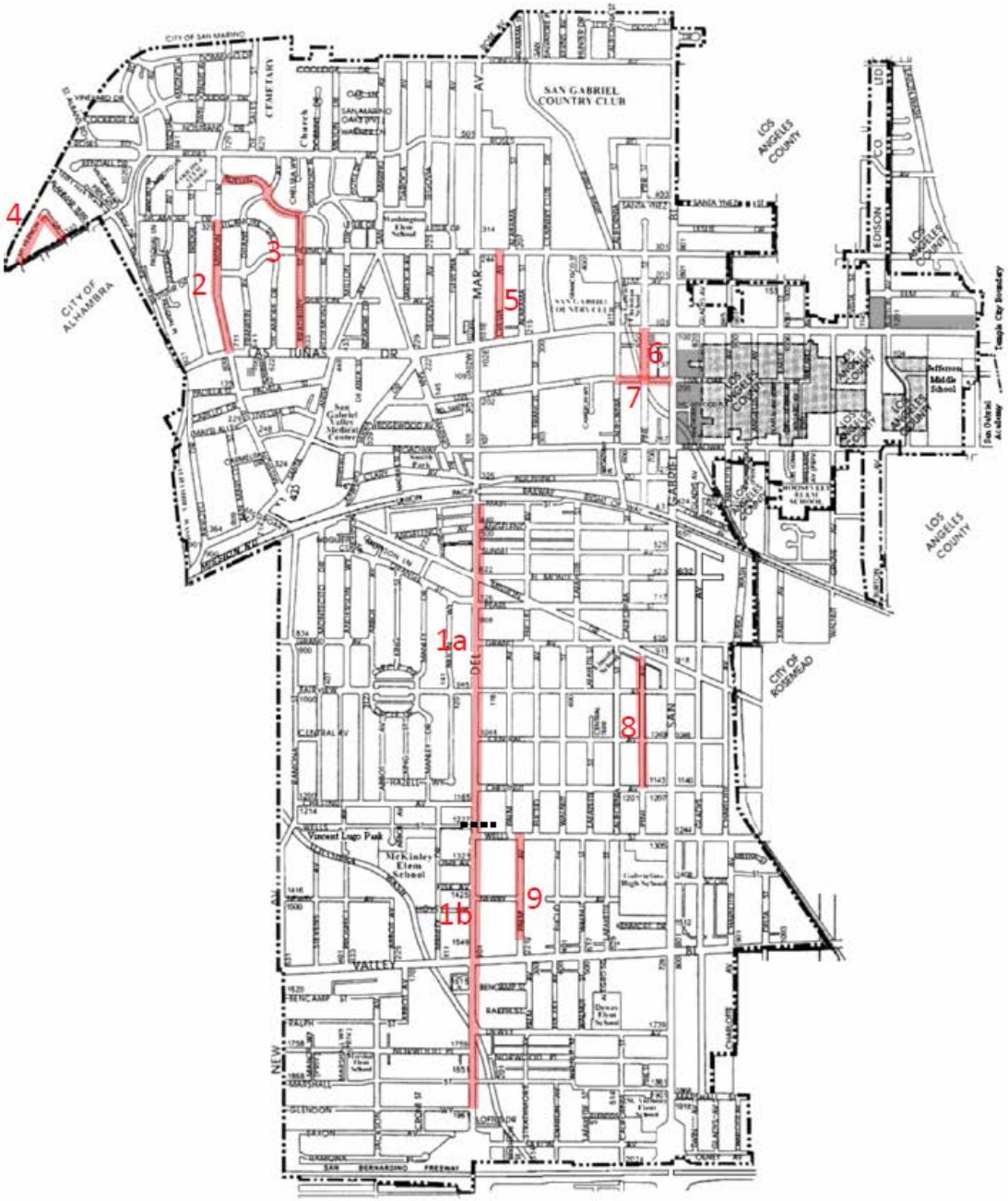
California Infrastructure and Economic Development Bank
Infrastructure State Revolving Fund Program
City of San Gabriel

Exhibit 2(b) – Alternate Street Segments
Cost Estimate by Street Segment and Area of City

Street Name	*Limits*	*Engineering*	*Construction*	*Contingency*	*Total Estimate*
Northwest					
Alley near City Hall	Santa Anita St to McGroarty	5,000	35,000	4,500	**$44,500**
N Del Mar Avenue	Roses Rd to Longden Dr	21,000	210,000	31,400	**$262,400**
Northeast					
Alabama Street	Las Tunas Dr to Roses Road	51,500	515,000	77,200	**$643,700**
N Pine Street	Las Tunas to End N of Hermosa Dr	19,700	197,000	30,000	**$246,700**
TOTAL PRELIMINARY ESTIMATE		**97,200**	**957,000**	**143,100**	**1,197,300**

Attachment 1
(Continued)

City of San Gabriel
Accelerated Great Streets Program 2014-2016



CITY OF SAN GABRIEL

NORTH

0 400 800 1200 1600 2000 2400
Scale in Feet

Attachment 2

Amortization Table
Measure R Loan

Payment Date	Ending Principal Balance	Principal Payment	Interest Payment	Total Principal & Interest	Annual Fee	Total Payment	Total Payment Fiscal Year Ending 30-Jun
1-Oct-2014	$3,800,000.00						
1-Feb-2015			$44,333.33	$44,333.33		$44,333.33	$44,333.33
1-Aug-2015	$3,603,064.74	$196,935.26	$66,500.00	$263,435.26	$11,400.00	$274,835.26	
1-Feb-2016			$63,053.63	$63,053.63		$63,053.63	$337,888.90
1-Aug-2016	$3,399,236.74	$203,828.00	$63,053.63	$266,881.63	$10,809.19	$277,690.82	
1-Feb-2017			$59,486.64	$59,486.64		$59,486.64	$337,177.47
1-Aug-2017	$3,188,274.76	$210,961.98	$59,486.64	$270,448.62	$10,197.71	$280,646.33	
1-Feb-2018			$55,794.81	$55,794.81		$55,794.81	$336,441.14
1-Aug-2018	$2,969,929.11	$218,345.65	$55,794.81	$274,140.46	$9,564.82	$283,705.28	
1-Feb-2019			$51,973.76	$51,973.76		$51,973.76	$335,679.04
1-Aug-2019	$2,743,941.37	$225,987.74	$51,973.76	$277,961.50	$8,909.79	$286,871.29	
1-Feb-2020			$48,018.97	$48,018.97		$48,018.97	$334,890.27
1-Aug-2020	$2,510,044.05	$233,897.32	$48,018.97	$281,916.29	$8,231.82	$290,148.11	
1-Feb-2021			$43,925.77	$43,925.77		$43,925.77	$334,073.88
1-Aug-2021	$2,267,960.33	$242,083.72	$43,925.77	$286,009.49	$7,530.13	$293,539.62	
1-Feb-2022			$39,689.31	$39,689.31		$39,689.31	$333,228.93
1-Aug-2022	$2,017,403.68	$250,556.65	$39,689.31	$290,245.96	$6,803.88	$297,049.84	
1-Feb-2023			$35,304.56	$35,304.56		$35,304.56	$332,354.40
1-Aug-2023	$1,758,077.55	$259,326.13	$35,304.56	$294,630.70	$6,052.21	$300,682.91	
1-Feb-2024			$30,766.36	$30,766.36		$30,766.36	$331,449.27
1-Aug-2024	$1,489,675.00	$268,402.55	$30,766.36	$299,168.91	$5,274.23	$304,443.14	
1-Feb-2025			$26,069.31	$26,069.31		$26,069.31	$330,512.45
1-Aug-2025	$1,211,878.36	$277,796.64	$26,069.31	$303,865.95	$4,469.02	$308,334.98	
1-Feb-2026			$21,207.87	$21,207.87		$21,207.87	$329,542.85
1-Aug-2026	$924,358.84	$287,519.52	$21,207.87	$308,727.39	$3,635.64	$312,363.03	
1-Feb-2027			$16,176.28	$16,176.28		$16,176.28	$328,539.31
1-Aug-2027	$626,776.13	$297,582.70	$16,176.28	$313,758.98	$2,773.08	$316,532.06	
1-Feb-2028			$10,968.58	$10,968.58		$10,968.58	$327,500.64
1-Aug-2028	$318,778.03	$307,998.10	$10,968.58	$318,966.68	$1,880.33	$320,847.01	
1-Feb-2029			$5,578.62	$5,578.62		$5,578.62	$326,425.63
1-Aug-2029		$318,778.03	$5,578.62	$324,356.65	$956.33	$325,312.98	$325,312.98

Attachment 2
(Continued)
Amortization Table
Gas Tax Loan

Payment Date	Ending Principal Balance	Principal Payment	Interest Payment	Total Principal & Interest	Annual Fee	Total Payment	Total Payment Fiscal Year Ending 30-Jun
1-Oct-2014	$2,600,000.00						
1-Feb-2015			$30,333.33	$30,333.33		$30,333.33	$30,333.33
1-Aug-2015	$2,465,254.82	$134,745.18	$45,500.00	$180,245.18	$7,800.00	$188,045.18	
1-Feb-2016			$43,141.96	$43,141.96		$43,141.96	$231,187.14
1-Aug-2016	$2,325,793.56	$139,461.26	$43,141.96	$182,603.22	$7,395.76	$189,998.99	
1-Feb-2017			$40,701.39	$40,701.39		$40,701.39	$230,700.37
1-Aug-2017	$2,181,451.15	$144,342.41	$40,701.39	$185,043.79	$6,977.38	$192,021.17	
1-Feb-2018			$38,175.40	$38,175.40		$38,175.40	$230,196.57
1-Aug-2018	$2,032,056.76	$149,394.39	$38,175.40	$187,569.79	$6,544.35	$194,114.14	
1-Feb-2019			$35,560.99	$35,560.99		$35,560.99	$229,675.13
1-Aug-2019	$1,877,433.57	$154,623.19	$35,560.99	$190,184.19	$6,096.17	$196,280.36	
1-Feb-2020			$32,855.09	$32,855.09		$32,855.09	$229,135.44
1-Aug-2020	$1,717,398.56	$160,035.01	$32,855.09	$192,890.09	$5,632.30	$198,522.39	
1-Feb-2021			$30,054.47	$30,054.47		$30,054.47	$228,576.87
1-Aug-2021	$1,551,762.33	$165,636.23	$30,054.47	$195,690.71	$5,152.20	$200,842.90	
1-Feb-2022			$27,155.84	$27,155.84		$27,155.84	$227,998.74
1-Aug-2022	$1,380,328.83	$171,433.50	$27,155.84	$198,589.34	$4,655.29	$203,244.63	
1-Feb-2023			$24,155.75	$24,155.75		$24,155.75	$227,400.38
1-Aug-2023	$1,202,895.16	$177,433.67	$24,155.75	$201,589.43	$4,140.99	$205,730.41	
1-Feb-2024			$21,050.67	$21,050.67		$21,050.67	$226,781.08
1-Aug-2024	$1,019,251.31	$183,643.85	$21,050.67	$204,694.52	$3,608.69	$208,303.20	
1-Feb-2025			$17,836.90	$17,836.90		$17,836.90	$226,140.10
1-Aug-2025	$829,179.93	$190,071.38	$17,836.90	$207,908.28	$3,057.75	$210,966.04	
1-Feb-2026			$14,510.65	$14,510.65		$14,510.65	$225,476.69
1-Aug-2026	$632,456.05	$196,723.88	$14,510.65	$211,234.53	$2,487.54	$213,722.07	
1-Feb-2027			$11,067.98	$11,067.98		$11,067.98	$224,790.05
1-Aug-2027	$428,846.83	$203,609.22	$11,067.98	$214,677.20	$1,897.37	$216,574.57	
1-Feb-2028			$7,504.82	$7,504.82		$7,504.82	$224,079.39
1-Aug-2028	$218,111.29	$210,735.54	$7,504.82	$218,240.36	$1,286.54	$219,526.90	
1-Feb-2029			$3,816.95	$3,816.95		$3,816.95	$223,343.85
1-Aug-2029		$218,111.29	$3,816.95	$221,928.23	$654.33	$222,582.57	$222,582.57
Total Payments:		$2,600,000.00	$771,011.04	$3,371,011.04	$67,386.66	$3,438,397.70	$3,438,397.70