

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

**STAFF REPORT**

**EXECUTIVE SUMMARY**

<b>Applicant:</b> City of Pittsburg (City)	<b>Amount Requested:</b> \$11,387,398	<b>Term Requested:</b> 30 years	<b>Interest Rate<sup>(1)</sup>:</b> 3.51%	<b>Project Type:</b> <input checked="" type="checkbox"/> Infrastructure Project <input type="checkbox"/> Economic Expansion Project
<b>Repayment/Security:</b> Senior Lien on Water System Net Revenues on Parity with payments made by the City under the 2008 Installment Purchase Contract (2008 Contract) by and between the City and the City of Pittsburg Public Financing Authority (City Finance Authority) in connection with the issuance by the City Finance Authority of its Water Revenue Refunding Bonds Series 2008 (2008 Bonds)				
<b>Repayment Source:</b> Net Revenues of the City's Water Utility Enterprise Fund (Fund)			<b>Fund Rating:</b> A1	
<b>Other Covenants:</b> <ol style="list-style-type: none"> <li>1. Future Senior Debt: prohibited.</li> <li>2. Future Parity Debt: allowed if net revenues (adjusted for rate increases and system expansion) will provide future aggregate debt service coverage of 1.25 times maximum annual debt service on all parity debt, inclusive of the then proposed financing.</li> <li>3. Rates and charges shall be maintained sufficient to ensure 1.25 times aggregate annual debt service ratio for all parity obligations.</li> </ol>				
<b>Project Name:</b> City of Pittsburg Water System Modifications Project (Project)			<b>Project Location:</b> Various locations	
<b>Project Description:</b> The Project consists of modifications to the Pittsburg Water Treatment Plant which will result in improved water quality production and reliability through the installation of 9,100 feet of transmission lines. This will position the City to meet domestic and fire flow requirements.				
<b>Use of Financing Proceeds:</b> The proposed financing will provide funding for Project construction and renovation, including engineering, design, permitting, machinery and equipment. It will also cover costs for contingency, project administration, construction management, inspections, legal and financial advisors, and the IBank loan origination fee.				

**Sources and Uses:**

<b>PROJECT SOURCES and USES</b>			
<b>Uses</b>	<b>Sources</b>		
	<b>IBank</b>	<b>City of Pittsburg</b>	<b>Total</b>
Construction/Renovation/Construction Contingency/Associated Machinery & Equipment	\$9,003,789	\$696,000	\$9,699,789
Architectural/Engineering/Design/Permits/Environmental/ Project Administration/Construction Management/ Inspections/Legal and Financial Advisor Fees	\$2,269,735	\$855,523	\$3,125,258
IBank Origination Fee	\$113,874	\$0	\$113,874
<b>Total</b>	<b>\$11,387,398</b>	<b>\$1,551,523</b>	<b>\$12,938,921</b>

**IBank Staff:** John Lee **Date of Staff Report:**08/11/2014

**Date of IBank Board Meeting:** 08/19/2014 **Resolution Number:**14-11

**Staff Recommendation:**

Staff recommends approval of Resolution No.14-11 authorizing financing to the City of Pittsburg for the City of Pittsburg Water System Modifications Project.

<sup>(1)</sup> As of June 13, 2014

**EXECUTIVE SUMMARY OF PROJECT AND CREDIT**

The City requests ISRF Program financing in the amount of \$11,387,398 for the Project. The City proposes to pledge the net system revenues of its Water Utility Enterprise Fund (Fund) for the repayment of the proposed financing on parity with the payments to be made by the City (2008 City Payments) under the 2008 Installment Purchase Contract (2008 Contract) by and between the City of Pittsburg and the City of Pittsburg Public Financing Authority (City Finance Authority) in connection with the issuance by the City Finance Authority of its Water Revenue Refunding Bonds Series 2008. The Contract is described below under Credit Analysis.

The historical cash flows of the Fund over the last three years demonstrate the Fund's ability to service combined annual debt service payments required for the 2008 City Payments and the proposed ISRF Program financing at greater than 1.50 times in all years reviewed. In addition,

1. Revenues derived from the top ten system ratepayers do not exceed 50% of annual water system revenues,
2. Revenues derived from any single ratepayer do not exceed 15% of the water system revenues, and
3. The City has the power to establish and enact rates and charges without the approval of any other governing body.

Given the historical fiscal strength of the Fund, as described in more detail in this Staff Report, Staff recommends approval of the proposed ISRF Program financing on a parity basis with the 2008 Bonds; prohibiting the issuance of future obligations senior to the ISRF Program loan; allowing issuance of future parity debt upon meeting or exceeding

a debt service coverage ratio of 1.25%, without a requirement for a debt service reserve fund on the proposed ISRF Program loan and any future parity debt.

## **STAFF RECOMMENDATIONS**

Staff recommends approval of Resolution No. 14-11 authorizing financing to the City of Pittsburgh for the Project as follows:

1. **Applicant/Borrower:** City of Pittsburgh 14-11
2. **Project:** City of Pittsburgh Water System Modifications Project
3. **Amount of Financing:** \$11,387,398
4. **Maturity:** Not to exceed 30 years.
5. **Repayment/Security:** Senior lien on Fund net revenues on parity with the 2008 Bonds.
6. **Interest Rate:** 3.51%
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 I-Bank'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 the 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:** The Financing Agreement shall include, among other things, the following covenants:
  - a. Rates and charges shall be maintained sufficient to ensure 1.25 times aggregate annual debt service ratio for all parity obligations.
  - b. Fund net revenues may be pledged on a parity basis with the ISRF Program financing for future financing if net revenues (adjusted for rate increases and system expansion) will provide future aggregate debt service coverage of 1.25 times maximum annual debt service on all parity debt, inclusive of the then proposed financing.
  - c. Issuance of future debt senior to the subject debt is prohibited.
  - d. Borrower compliance with all applicable laws, regulations and permitting requirements associated with public works projects.
  - e. Annual Borrower audited financial statements, due to the IBank within 240 days of fiscal year end as well as other information as the IBank may request from time to time.
  - f. Annual Borrower certifications demonstrating compliance with the foregoing.

## PROJECT DESCRIPTION and SECURITY

The City requests ISRF Program financing for the Project, which consists of the design, construction and/or renovation of the following components:

Pittsburg Water Treatment Plant ("WTP") Sludge Handling/Filter Backwash, Phase 1 will provide modifications for WTP's sludge handling and drying beds required to handle higher plant production levels resulting from projected system growth.

Location: 300 Olympia Drive, Pittsburg, CA

WTP Modifications to help reduce taste and odor problems, improve the drinking water treatment process, and pre-treat the well water coming into the WTP.

Location: 300 Olympia Drive, Pittsburg, CA

Southeast Hills Water Transmission Line will provide 6,000 feet of a new water transmission line to meet domestic and fire flow requirements for existing water customers and new development in the southeast hills and infill development in Zone 2. This component was identified as a need in the City's 2010 Water Master Plan.

Location: Buchanan Road to Ventura Drive, Pittsburg, CA

West Central Subarea - Western Loop will improve water system reliability in the northwest portion of the City with the addition of 2,800 feet of 16-inch water line and 300 feet of 8-inch water line. This component was also identified as a need in the City's 2010 Water System Master Plan.

Location: Loftus Road and Hanlon Way, Pittsburg, CA

These improvements will mitigate issues raised in the 2011 Water Treatment Plant Improvement Study, and have all been identified as "Water Projects" in the City of Pittsburg's Five Year Capital Improvement Program 2012/13 through 2016/17.

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

<b>CASH FLOW</b>			
<b>For Fiscal Year Ending (FYE) June 30,</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Income (Loss Before Operating Transfers)	\$2,733,496	\$2,596,019	\$4,201,919
+ Depreciation	\$1,377,668	\$1,409,626	\$1,665,896
+ Interest and fiscal charges	\$2,551,706	\$1,748,709	\$1,580,278
Less regular transfers out	(\$719,005)	(\$731,684)	(\$756,632)
<b>Cash Available for Debt Service with Connection Fees</b>	<b>\$5,943,865</b>	<b>\$5,022,670</b>	<b>\$6,691,461</b>
- Connection Fees	(\$144,704)	(\$161,648)	(\$168,501)
<b>Cash Available for Debt Service w/o Connection Fees</b>	<b>\$5,799,161</b>	<b>\$4,861,022</b>	<b>\$6,522,960</b>
<b>Debt Service Calculation</b>			
<b>Senior Debt Service @ MADS<sup>(1)</sup></b>			
Water Revenue Refunding Bonds Series 2008	\$2,580,678	\$2,580,678	\$2,580,678
Proposed CIEDB <sup>(2)</sup>	\$650,221	\$650,221	\$650,221
<b>Total Senior MADS</b>	<b>\$3,230,899</b>	<b>\$3,230,899</b>	<b>\$3,230,899</b>
<b>Senior Debt Service Coverage Ratio w Connection Fees</b>	<b>1.84</b>	<b>1.55</b>	<b>2.07</b>
<b>Senior Debt Service Coverage Ratio w/o Connection Fees</b>	<b>1.79</b>	<b>1.50</b>	<b>2.02</b>
<sup>(1)</sup> Maximum Annual Debt Service			
<sup>(2)</sup> Calculated as \$11,387,398 @ 3.51% for 30 years			

**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. In addition, the Project is estimated to have a useful life of 70 years, which greater than the term requested for the loan.

**GENERAL INFORMATION**

The City is a full service general law city incorporated in 1903, located in the Eastern portion of Contra Costa County along the Sacramento-San Joaquin Delta.

The City operates under a council-manager form of government and derives its authority from both the California constitution and laws enacted by the state legislature. All legislative power is held by the publicly-elected, five-member City Council, which consists of the Mayor and four Council Members. All Council Members have equal authority; however, the mayor has the additional responsibility of presiding over City Council meetings, signing official documents, and performing ceremonial functions.

City Council members (Members) are elected in November and hold office for four years. The mayor is selected from among the Members and serves a one year term.

As of 2012, the City’s population was 65,655. The unemployment rate was 12.8% as compared to the State of California unemployment rate of 11.4%.

## CREDIT ANALYSIS

### **System Description**

The City provides treated water to retail customers through its water system (System). The System consists of two groundwater wells, seven treated water reservoirs, seven pump stations, 215 miles of transmission and distribution mains, fire hydrants, pressure reducing valves, and the Pittsburg Water Treatment Plant (WTP). The WTP has the capacity to produce 32 million gallons of water per day (MGD) and produces 8.8 MGD of water on average. The City operates the System under an operating permit issued by the California Department of Public Health and has a voluntary water conservation program in place with a 15% reduction goal.

### **Water Capacity and Supply Reliability**

The total City-wide required storage for existing domestic water demands is calculated at 16.73 MG, including operation, fire, and emergency components.

The City has two sources of supply: two groundwater wells located in the central part of the City, and surface water from the Contra Costa Water District. Water from both sources is conveyed to the City's water treatment plant where it is first treated, and then conveyed to the distribution system.

#### Groundwater Wells

The City operates two municipal wells that supply on average 12% of the water demand. Due to population projections, the City is currently designing a well with higher capacity that will replace one of the two existing wells. The City's 2011 Urban Water Management Plan (UWMP) projects a population for the City of 91,015 by 2030, growth of more than 39 percent over the City's population of 64,294 at the time.

#### Contra Costa Water District

The Contra Costa Water District (CCWD) is a special district, with its own Board of Directors. Five elected directors govern CCWD; each director representing a division of approximately 110,000 people. Although "County" is in its name, CCWD is not an entity of the County of Contra Costa.

CCWD was formed in 1936 pursuant to County Water District Law as found in the California Water Code, Division 12, Section 30000. Incorporated to provide water for irrigation and industry, CCWD is today one of the largest urban water districts in California and a leader in drinking water treatment technology and source water protection. CCWD delivers safe, clean water to approximately 500,000 persons in central and east Contra Costa County with about 250,000 persons receiving treated water directly from CCWD, and the other 250,000 persons receiving raw CCWD water through six local agencies including the City.

CCWD delivers raw untreated water to the City via the Contra Costa Canal (Canal). The Canal derives most of its water from the Central Valley Project (CVP), which diverts water from the Sacramento-San Joaquin Delta under a long-term contract with the Bureau of Reclamation (Bureau). The Canal is 48 miles long and runs from the Delta intake at Rock Slough near Knightsen to the city of Martinez. CCWD's contract with the Bureau provides for water deliveries through February 28, 2045; the contract is subject renewal for successive periods of up to 40 years each. CCWD is the CVP's largest urban contractor.

In 1998, CCWD completed construction of the locally-financed \$450 million Los Vaqueros Project, which includes the 100,000 acre-foot (af) Los Vaqueros Reservoir (Reservoir) designed to provide improved water quality and emergency supply reliability for CCWD customers as well as environmental benefits. In 2012, CCWD raised the dam 34 feet, increasing the Reservoir's capacity to 160,000 af.

In 2011, CCWD completed facilities and agreements to operate an intertie with East Bay Municipal Utility District (EBMUD) to provide CCWD with EBMUD water from Freeport during times of drought. CCWD can reciprocate and supply water to EBMUD.

CCWD has 329,830 af of potential water supplies. Actual deliveries in fiscal year 2013 were 109,535 af, and projections for fiscal year 2014 are for 97,200 af, demonstrating that CCWD currently has sufficient water supplies to meet anticipated demands for its customers.

The City is located within two of CCWD's divisions (Exhibit 1), and is, therefore, represented by two directors. In 1940, the City received the Canal's first water delivery. The City continues today to purchase raw water from CCWD. Prior to closing, the City must provide evidence, satisfactory to the IBank, as to the reliability of its water supply arrangement with the Contra Costa Water District.

**System Capital Improvements.** The City has generally funded System improvements with operating revenues and increased water system capacity with developer fees and/or through assessment district financing. The City plans to fund a new storage tank (Highlands Ranch Storage Tank) through the IBank as a separate project after the land is acquired and to fund for the tank, and additional capital repairs and improvements, including the new well mentioned above and new water lines, on a pay-go basis.

The number and type of System users by category over the last five years are as follows:

<b>NUMBER OF USERS BY CATEGORY</b>					
For Fiscal Year Ending (FYE) June 30,	2010	2011	2012	2013	2014
Residential	19,581	19,162	19,074	18,760	18,896
Commercial	705	722	692	692	704
Industrial	11	11	29	28	28
Other	399	418	420	418	413
<b>Total</b>	<b>20,696</b>	<b>20,313</b>	<b>20,215</b>	<b>19,898</b>	<b>20,041</b>
% change		-1.9%	-0.5%	-1.6%	0.7%

Source: Financing Application

The above table reflects that the number of System users has remained relatively constant over the past five years. The high proportion of residential customers represents strong diversity in the user base.

System usage and revenues as of May 27, 2014 are as follows:

<b>CURRENT SYSTEM USAGE &amp; REVENUE</b>				
	Annual Usage (CCF) <sup>(1)</sup>	% Annual Usage	Gross Annual Revenue	% Gross Annual Revenue
Residential	2,652,418	71%	13,581,290	75%
Commercial	302,263	8%	1,682,107	9%
Industrial	310,945	8%	1,234,465	7%
Other	483,857	13%	1,704,736	9%
<b>Total</b>	<b>3,749,483</b>	<b>100%</b>	<b>\$18,202,598</b>	<b>100%</b>

Source: Financing Application

<sup>(1)</sup> Hundred cubic feet

The above table reflects that the System's usage and revenue is concentrated in residential users with such users representing 71% of Annual System Usage and providing 75% of Gross Annual Revenues.

Historical and current average monthly user charge per residential unit are as follows:

<b>HISTORICAL AND CURRENT AVERAGE MONTHLY USER CHARGE PER RESIDENTIAL UNIT</b>					
For Fiscal Year Ending (FYE) June 30,	2010	2011	2012	2013	2014
Residential	\$52.96	\$55.36	\$57.94	\$60.68	\$63.45
% change		4.53%	4.66%	4.73%	4.56%

Source: Financing Application



The table above reflects that the average monthly user charge per residential unit has increased at least 4% annually over the past four years, due in part to a rate increase effective January 1, 2010, which was implemented incrementally.

The table below reflects the rate increases over the past five years:

<b>HISTORICAL RATE INCREASES OVER THE PAST FIVE YEARS</b>		
<b>Date Adopted</b>	<b>Date Effective</b>	<b>Percent Increase</b>
1/21/2014	3/1/2014	14% over 4 years
11/16/2009	1/1/2010	16% over 4 years

Source: Financing Application

The above table demonstrates the City has had, or has scheduled, rate increases effective in each year beginning in FY 2010 through FY 2018 for a total increase of 30%.

The following table illustrates the projected average monthly user charge per residential unit for fiscal years (FYs) 2015 through FY 2018.

<b>PROJECTED AVERAGE MONTHLY USER CHARGE PER RESIDENTIAL UNIT</b>				
<b>For Fiscal Year Ending (FYE) June 30,</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Residential	\$66	\$69	\$71	\$74
% change		3.9%	3.8%	4.1%

Source: Financing Application

The above table demonstrates the continued incremental application of the above noted 14% rate increase going forward.

The table below compares the City's current average monthly System user charge per residential unit to nearby systems as of December 19, 2013.

<b>CURRENT AVERAGE MONTHLY SYSTEM USER CHARGE COMPARED TO NEARBY SYSTEMS</b>		
<b>System Name</b>	<b>Location</b>	<b>Average Monthly Residential Rate</b>
Golden State Water	Bay Point	87.03
City of Martinez	Martinez	75.04
Contra Costa Water	Concord	63.88
<b>City of Pittsburg</b>	<b>Pittsburg</b>	<b>63.45</b>
City of Brentwood	Brentwood	\$52.38

Source: Financing Application

The table above shows that the City's average monthly rate of \$63.45 is lower than all but one comparable rate in four nearby communities.

The top ten current System users are identified in the table below:

<b>TOP 10 SYSTEM USERS</b>				
	<b>User</b>	<b>% System Use</b>	<b>% System Revenues</b>	<b>Customer Class (Residential/ Commercial/ Industrial/Other)</b>
1	DOW USA	3.7%	4.1%	Industrial
2	PUSD (Pittsburg Unified School)	2.5%	2.1%	Commercial
3	Kirker Creek LLC	1.7%	1.8%	Residential
4	USS POSCO	1.4%	1.1%	Industrial
5	Angelica Corporation	1.3%	1.4%	Industrial
6	The Meadows Mobile Home	1.1%	1.2%	Residential
7	Housing Authority of CCC	0.7%	0.7%	Residential
8	Pittsburg FoxCreek Apartments	0.6%	0.6%	Residential
9	President Park	0.6%	0.7%	Residential
10	G&J Services, Inc.	0.6%	0.6%	Industrial
	<b>Total</b>	<b>14.1%</b>	<b>14.2%</b>	

Source: Financing Application

The top ten users represent 14% of total System users and generate 14% of System revenues. This demonstrates that the City does not have a high concentration of revenue coming from any single or limited number of users and complies with IBank underwriting requirements that the top ten ratepayers not exceed 50% of total System users and that no single ratepayer exceed 15% of System revenues.

## Security and Source of Financing Repayment

<b>Source of Revenue to Repay</b>	
<b>Proposed ISRF Program Financing:</b>	Water Utility Enterprise Fund (Fund) Net Revenues
<b>Applicant Proposed Lien Position:</b>	<input type="checkbox"/> Senior <input checked="" type="checkbox"/> Senior on Parity with Existing Debt <input type="checkbox"/> Subordinate <input type="checkbox"/> Subordinate on Parity with Existing Debt <input type="checkbox"/> Other: _____
<b>List Debt that is Senior to Proposed ISRF Program Financing:</b>	None
<b>List Debt On Parity with Proposed ISRF Program Financing:</b>	2008 Installment Purchase Contract by and between the City of Pittsburg and the City of Pittsburg Public Financing Authority (2008 Contract)
<b>List Debt Subordinate to Proposed ISRF Program Financing:</b>	None
<b>Type of Audited Financial Documents Reviewed:</b>	<input checked="" type="checkbox"/> Comprehensive Annual Financial Reports (CAFR) <input type="checkbox"/> Basic Financial Statements (BFS) <input type="checkbox"/> Other: _____
<b>Audit Years Reviewed:</b>	2011, 2012, 2013
<b>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 Pittsburg, and that the results of its operations and the cash flows are in conformity with generally accepted accounting principles.</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<b>Adopted Budget(s) Reviewed:</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<b>Budget Years Reviewed:</b>	2013/2014
<b>Rate Study Reviewed:</b>	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes
<b>Applicant's Fiscal Year:</b>	July 1 through June 30

### Comparative Statement of Net Position Analysis

The comparative historical Statement of Net Position analysis for the Fund for the last three fiscal years is as follows:

<b>STATEMENT OF NET POSITION</b>						
<b>For Fiscal Year Ending (FYE) June 30,</b>	<b>2011</b>		<b>2012</b>		<b>2013</b>	
<b>Source:</b>	<b>CAFR</b>	<b>%</b>	<b>CAFR</b>	<b>%</b>	<b>CAFR</b>	<b>%</b>
<b>Current Assets</b>						
Cash and investments	\$16,346,120	16.3%	\$8,972,379	8.7%	\$10,343,918	10.1%
Restricted cash and investments	4,040,326	4.0%	3,979,355	3.9%	4,001,249	3.9%
Receivables:						
Accounts	3,020,446	3.0%	2,925,465	2.8%	4,013,246	3.9%
Interest	19,229	0.0%	9,361	0.0%	3,977	0.0%
Inventory	128,269	0.1%	111,703	0.1%	131,759	0.1%
Prepaid items and other assets	80	0.0%	0	0.0%	0	0.0%
<b>Total Current Assets</b>	<b>\$23,554,470</b>	<b>23.4%</b>	<b>\$15,998,263</b>	<b>15.5%</b>	<b>\$18,494,149</b>	<b>18.0%</b>
<b>Non-Current Assets</b>						
Advance to other funds	\$1,040,000	1.0%	\$3,800,000	3.7%	\$3,800,000	3.7%
Deferred outflow of resources	\$2,468,394	2.5%	\$7,734,430	7.5%	\$3,762,848	3.7%
Capital Assets:						
Land and non-depreciable assets	2,728,712	2.7%	6,023,955	5.9%	6,749,109	6.6%
Depreciable assets, net	70,740,922	70.4%	69,402,800	67.4%	70,091,202	68.1%
<b>Total Non-current Assets/Capital Assets</b>	<b>\$76,978,028</b>	<b>76.6%</b>	<b>\$86,961,185</b>	<b>84.5%</b>	<b>\$84,403,159</b>	<b>82.0%</b>
<b>Total Assets</b>	<b>\$100,532,498</b>	<b>100.0%</b>	<b>\$102,959,448</b>	<b>100.0%</b>	<b>\$102,897,308</b>	<b>100.0%</b>
<b>Current Liabilities</b>						
Accounts Payable	\$924,626	0.9%	\$1,020,442	1.0%	\$1,776,948	1.7%
Salaries payable	\$27,172	0.0%	\$35,832	0.0%	\$0	0.0%
Refundable deposits	50,449	0.1%	217,499	0.2%	510,499	0.5%
Accrued interest payable	13,921	0.0%	100,145	0.1%	102,000	0.1%
Unearned revenue	3,123	0.0%	3,411	0.0%	3,411	0.0%
Compensated absences payable - due within one year	42,760	0.0%	50,911	0.0%	93,300	0.1%
Claims and judgments payable - due within one year	24,480	0.0%	24,480	0.0%	0	0.0%
Long-term Debt due within one year	935,000	0.9%	960,000	0.9%	1,010,000	1.0%
<b>Total Current Liabilities</b>	<b>\$2,021,531</b>	<b>2.0%</b>	<b>\$2,412,720</b>	<b>2.3%</b>	<b>\$3,496,158</b>	<b>3.4%</b>
<b>Noncurrent Liabilities</b>						
Compensated absences payable - due in more than one year	99,760	0.1%	89,519	0.1%	78,822	0.1%
Derivative Instrument	2,468,394	2.5%	7,734,430	7.5%	3,762,848	3.7%
OPEB liability	1,252,540	1.2%	1,726,540	1.7%	1,726,540	1.7%
Long-term debt - due in more than one year	34,580,000	34.4%	33,620,000	32.7%	32,610,000	31.7%
<b>Total Noncurrent Liabilities</b>	<b>\$38,400,694</b>	<b>38.2%</b>	<b>\$43,170,489</b>	<b>41.9%</b>	<b>\$38,178,210</b>	<b>37.1%</b>
<b>Total Liabilities</b>	<b>\$40,422,225</b>	<b>40.2%</b>	<b>\$45,583,209</b>	<b>44.3%</b>	<b>\$41,674,368</b>	<b>40.5%</b>
<b>Net Assets</b>						
Net invested in Capital assets	\$37,954,634	37.8%	\$40,846,755	39.7%	\$43,220,311	42.0%
Restricted for:						
Capital project	\$5,754,817	5.7%	\$4,112,076	4.0%	\$3,422,223	3.3%
Debt service	\$2,218,867	2.2%	\$2,300,630	2.2%	\$2,620,826	2.5%
Special purpose	\$128,349	0.1%	\$3,979,355	3.9%	\$4,001,249	3.9%
Facility fees	\$5,092,837	5.1%	\$3,933,657	3.8%	\$3,872,168	3.8%
Unrestricted	8,960,769	8.9%	2,203,766	2.1%	4,086,163	4.0%
<b>Total Net Assets</b>	<b>\$60,110,273</b>	<b>59.8%</b>	<b>\$57,376,239</b>	<b>55.7%</b>	<b>\$61,222,940</b>	<b>59.5%</b>
<b>Total Liabilities and Net Assets</b>	<b>\$100,532,498</b>	<b>100.0%</b>	<b>\$102,959,448</b>	<b>100.0%</b>	<b>\$102,897,308</b>	<b>100.0%</b>

The table above reveals that the System’s overall financial position was stable over the three years analyzed. Total Assets increased 2.4% over the three years analyzed while Total Liabilities increased 3.1% and Total Net Assets increased 1.9% during the same period. A decline in Cash & Investments in FY 2012 was offset by an increase in Capital Assets (Land and non-depreciable assets) resulting from repairs, replacements, and improvements to existing assets including the WTP, water lines, and a new meter reading system. Changes in other categories of note in FY 2013 include:

- an increase of 37.2% in Accounts Receivable; however, the percent of Accounts Receivable to Charges for Services, which increased each year in the periods analyzed, remained relatively constant at approximately 20.0%. The following table reflects that the City collects approximately 93% of its Accounts Receivable in less than 60 days;

<b>ACCOUNTS RECEIVABLE AGING as of April 2014</b>					
	<b>Current</b>	<b>Over 30 Days</b>	<b>Over 60 Days</b>	<b>Over 90 Days</b>	<b>Total</b>
	\$1,005,550	\$186,865	\$66,235	\$16,950	\$1,275,600
<b>Percent</b>	<b>78.8%</b>	<b>14.6%</b>	<b>5.2%</b>	<b>1.3%</b>	<b>100.0%</b>

Source: Financing Application

- an increase of 74.1% in Accounts Payable resulting from pending year-end invoices;
- and an increase in Unrestricted Assets as Net assets Restricted for Capital Projects declined.

The Statement of Net Position table above reflects categories named: (1) Deferred Outflow of Resources and (2) Derivative Instrument. These categories are used by the City to account for the fair market value of an interest rate swap agreement on the 2008 Water Revenue Bonds. Such value is determined annually by PFM, the City’s financial advisor. Long term liabilities decreased in FY 2013 primarily due to the change in the fair market value of the Derivative Instrument.

## Comparative Revenues and Expenses Analysis

The comparative historical revenues, expenses, and changes in Fund Balance for the last three fiscal years are summarized below:

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND POSITION						
For Fiscal Year Ending (FYE) June 30,	2011		2012		2013	
Source:	CAFR	%	CAFR	%	CAFR	%
% Change				2%		14%
<b>Operating Revenues</b>						
Charges for services	\$15,062,169	89.2%	\$16,090,651	93.0%	\$18,295,553	93.0%
Meter fees	11,368	0.1%	17,055	0.1%	30,131	0.2%
Other fees	323,682	1.9%	320,780	1.9%	289,267	1.5%
Facility reserve fees	458,410	2.7%	284,375	1.6%	491,945	2.5%
Rent and concessions	0	0.0%	0	0.0%	1,500	0.0%
Other operating revenues	1,022,175	6.1%	582,899	3.4%	559,937	2.8%
<b>Total Operating Revenues</b>	<b>\$16,877,804</b>	<b>100.0%</b>	<b>\$17,295,760</b>	<b>100.0%</b>	<b>\$19,668,333</b>	<b>100.0%</b>
<b>Operating Expenses</b>						
Salaries and wages	\$2,173,698	12.9%	\$2,297,873	13.3%	\$2,252,010	11.4%
Department supplies	4,829,333	28.6%	5,362,389	31.0%	6,331,613	32.2%
Rentals	14,944	0.1%	11,503	0.1%	16,198	0.1%
Utilities	709,199	4.2%	832,601	4.8%	800,120	4.1%
Maintenance and operations	779,927	4.6%	292,672	1.7%	262,324	1.3%
Depreciation	1,377,668	8.2%	1,409,626	8.2%	1,665,896	8.5%
Insurance deductible	42,336	0.3%	40,008	0.2%	51,096	0.3%
Fringe benefits	1,535,945	9.1%	1,946,934	11.3%	1,404,230	7.1%
Other operating expenses	435,146	2.6%	942,445	5.4%	1,154,262	5.9%
<b>Total Operating Expenses</b>	<b>\$11,898,196</b>	<b>70.5%</b>	<b>\$13,136,051</b>	<b>75.9%</b>	<b>\$13,937,749</b>	<b>70.9%</b>
<b>Operating Income (Loss)</b>	<b>\$4,979,608</b>	<b>29.5%</b>	<b>\$4,159,709</b>	<b>24.1%</b>	<b>\$5,730,584</b>	<b>29.1%</b>
<b>Nonoperating Revenues (Expenses)</b>						
Investment earnings	\$303,359		\$204,738		\$114,747	
Interest and fiscal charges	(2,551,706)		(1,748,709)		(1,580,278)	
Gain (loss) on disposal of assets	2,235		(19,719)		(63,134)	
<b>Net Non-operating Revenues (Expenses)</b>	<b>(\$2,246,112)</b>		<b>(\$1,563,690)</b>		<b>(\$1,528,665)</b>	
<b>Income (Loss) Before Contributions and Transfers</b>	<b>\$2,733,496</b>		<b>\$2,596,019</b>		<b>\$4,201,919</b>	
<b>Capital Contributions and Transfers</b>						
Capital contributions	0		162,091		350,014	
Transfers in	51,400		51,400		51,400	
Transfers out	(1,107,846)		(5,543,544)		(756,632)	
<b>Total Contributions and Transfers</b>	<b>(\$1,056,446)</b>		<b>(\$5,330,053)</b>		<b>(\$355,218)</b>	
<b>Increase (Decrease) in Net Assets</b>	<b>\$1,677,050</b>		<b>(\$2,734,034)</b>		<b>\$3,846,701</b>	
Beginning of Year	\$58,433,223		\$60,110,273		\$57,376,239	
<b>Ending Net Assets</b>	<b>\$60,110,273</b>		<b>\$57,376,239</b>		<b>\$61,222,940</b>	

The table above reveals that the System's overall earnings trends were positive over the three years analyzed. Total Operating Revenues increased over the three years reviewed, primarily due to rate increase (average of 4%) and 8% increase in water usage. Usage increase is mainly in single family residence, due to positive housing market (vacant homes being occupied), and irrigation. Total Operating Expenses have remained relatively stable.

A notable increase in Transfers Out in FY 2012 includes \$3,800,000 in advances to various City funds; of which \$3,230,000 to General Fund that is to be repaid with interest to the Fund by February 21, 2017. The City also annually transfers money to the General Fund to reimburse the General Fund for operations and administrative services provided to the Fund. Such transfers out are included in Staff's cash flow calculations discussed further in this Staff Report.

## Budget

The City prepares an annual budget for its governmental funds and proprietary funds, which include its Water Utility Enterprise Fund. Review of the City's Adopted Annual Budget (Budget) for Fiscal Year 2013-14 finds that the City estimated \$19,163,950 in water revenues against \$13,428,620 for water operations and 2,275,000 for capital improvements. This is consistent with historical performance.

## Cash Flow and Debt Service Analysis

The current and proposed outstanding Fund obligations are as follows:

OBLIGATIONS								
Origination Date	Original Financing Amount	Issuer/ Lender	Type of Debt	Maturity	Interest Rate %	MADS <sup>(1)(2)</sup> (3)	Balance as of 6/30/13	Lien Position/ Repayment Pledge
May-08	\$36,425,000	City of Pittsburg Public Financing Authority (2008 Contract)	Term	Jun-35	3.62%	\$2,580,678	\$32,610,000	First lien on the net System revenues
9/1/2014 (est)	\$11,387,398	IBank	Term	Aug-44	3.51%	\$650,221	\$0	Senior lien on net System revenues on parity with the 2008 Contract
<b>Total Senior Debt</b>						<b>\$3,230,899</b>		

(1) MADS means maximum annual debt service.

(2) Proposed loan was amortized @ 3.51% for 30 years and rounded.

(3) Includes remarketing and letter of credit fees.

<b>Date of Debt:</b>	May 1, 2008
<b>Name of Debt:</b>	2008 Installment Purchase Contract by and between the City of Pittsburg and the City of Pittsburg Public Financing Authority (2008 Contract)
<b>Amount of Debt:</b>	\$36,425,000
<b>Issuer/Lender:</b>	City of Pittsburg Public Financing Authority
<b>Security:</b>	Net Water System Revenues
<b>Rates and Charges Covenant:</b>	<ol style="list-style-type: none"> <li>1. Net revenues with connection fees shall be equal to at least 125% of all parity debt service.</li> <li>2. Net revenues less connection fees shall be equal to at least 100% of all parity debt service.</li> </ol>
<b>Allows Senior Debt?</b>	<input type="checkbox"/> Not mentioned <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes
<b>Allows Parity Debt?</b>	<input type="checkbox"/> Not mentioned <input type="checkbox"/> No <input checked="" type="checkbox"/> Yes
<b>Allows Subordinate Debt?</b>	<input type="checkbox"/> Not mentioned <input type="checkbox"/> No <input checked="" type="checkbox"/> Yes
<b>Requires Reserve Fund(s) and/or Rate Stabilization Fund To Be Maintained? Amount?</b>	<input type="checkbox"/> No <input checked="" type="checkbox"/> Yes. Explain: A Debt Service Reserve Account in the amount equal to the Debt Service Reserve Requirement of \$2,254,541.28 was funded on the date of issuance of the 2008 Bonds. The City is in compliance with the reserve requirement.
<b>Requires Reserve Fund for Subsequent Debt?</b>	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes
<b>Has Applicant Ever Had a Payment Default Under This Obligation?</b>	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes

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

<b>CASH FLOW</b>			
For Fiscal Year Ending (FYE) June 30,	2011	2012	2013
Income (Loss Before Operating Transfers)	\$2,733,496	\$2,596,019	\$4,201,919
+ Depreciation	\$1,377,668	\$1,409,626	\$1,665,896
+ Interest and fiscal charges	\$2,551,706	\$1,748,709	\$1,580,278
Less regular transfers out	(\$719,005)	(\$731,684)	(\$756,632)
<b>Cash Available for Debt Service with Connection Fees</b>	<b>\$5,943,865</b>	<b>\$5,022,670</b>	<b>\$6,691,461</b>
- Connection Fees	(\$144,704)	(\$161,648)	(\$168,501)
<b>Cash Available for Debt Service w/o Connection Fees</b>	<b>\$5,799,161</b>	<b>\$4,861,022</b>	<b>\$6,522,960</b>
<b>Debt Service Calculation</b>			
<b>Senior Debt Service @ MADS<sup>(1)</sup></b>			
Water Revenue Refunding Bonds Series 2008	\$2,580,678	\$2,580,678	\$2,580,678
Proposed CIEDB <sup>(2)</sup>	\$650,221	\$650,221	\$650,221
<b>Total Senior MADS</b>	<b>\$3,230,899</b>	<b>\$3,230,899</b>	<b>\$3,230,899</b>
<b>Senior Debt Service Coverage Ratio w Connection Fees</b>	<b>1.84</b>	<b>1.55</b>	<b>2.07</b>
<b>Senior Debt Service Coverage Ratio w/o Connection Fees</b>	<b>1.79</b>	<b>1.50</b>	<b>2.02</b>
<sup>(1)</sup> Maximum Annual Debt Service			
<sup>(2)</sup> Calculated as \$11,387,398 @ 3.51% for 30 years			



The historical cash flows over the last three years demonstrate the Fund’s ability to service the proposed ISRF Program financing and current existing debt at greater than 1.50 times in all years reviewed.

Given the historical fiscal strength of the Fund and given that Staff finds there is not otherwise a credit need to require a debt service reserve fund for the proposed ISRF Program financing, Staff recommends approval of the proposed ISRF Program financing on a parity basis with the 2008 Contract; prohibiting the issuance of future obligations senior to the ISRF Program loan; allowing issuance of future parity debt upon meeting or exceeding a maximum annual debt service coverage ratio of 1.25%, without a requirement for a debt service reserve fund on the proposed ISRF Program loan and any future parity debt.

**Compliance with IBank Underwriting Criteria**

- IBank financing is proposed to be a parity lien on System net revenues. Historical cash flow is equal to or greater than 150% of debt coverage without connection fees.
- Revenues derived from the top ten System ratepayers do not exceed 50% of annual System revenues.
- Revenues derived from any single ratepayer do not exceed 15% of the System revenues.
- The City has the power to establish and enact rates and charges without the approval of any other governing body.

**Interest Rate Setting Demographics**

The interest rate for the proposed ISRF loan was set based upon the following statistics obtained from the 2012 American Community Survey (1-year estimate).

<b>Unemployment Rate</b>	The City’s unemployment rate was 12.8%, which was 112.3% of the State’s rate of 11.4%.
<b>Median Household Income</b>	The City’s median household income was \$51,950, which was 89.1% of the State’s median household income of \$58,328.

**LITIGATION, MANAGEMENT AND ENVIRONMENTAL**

**Litigation**

According to the City, there is no current or anticipated litigation or material controversy that would materially affect its ability to construct the Project or repay the proposed ISRF Program financing.

**Project Construction and Management Ability**

The City’s management team is experienced in successfully managing its water enterprise, capital projects, and debt management. The relevant management team includes a City Manager, Director of Water Utilities, Director of Finance and Administration, and the City Engineer. Such experience includes several bond

issuances ranging from \$17 million to over \$150 million, multi-million dollar construction projects, and several real estate transactions.

Joe Sbranti, the City Manager, joined the City in 1997 as a Senior Civil Engineer and progressed through the City to Assistant City Manager and City Engineer and became the City Manager in June 2011. Walter Pease, the Director of Water Utilities, has more than forty years of experience managing water utilities in California. Tina Olson, the Director of Finance and Administration, has more than twenty years of progressively responsible experience in accounting, finance, administration, and management. The City Engineer, Keith Halverson, has over thirty years of experience in his field.

### **California Environmental Quality Act (CEQA)**

The City reports that the draft CEQA has been prepared for the WTP modifications and that no CEQA review is required for the pipelines.

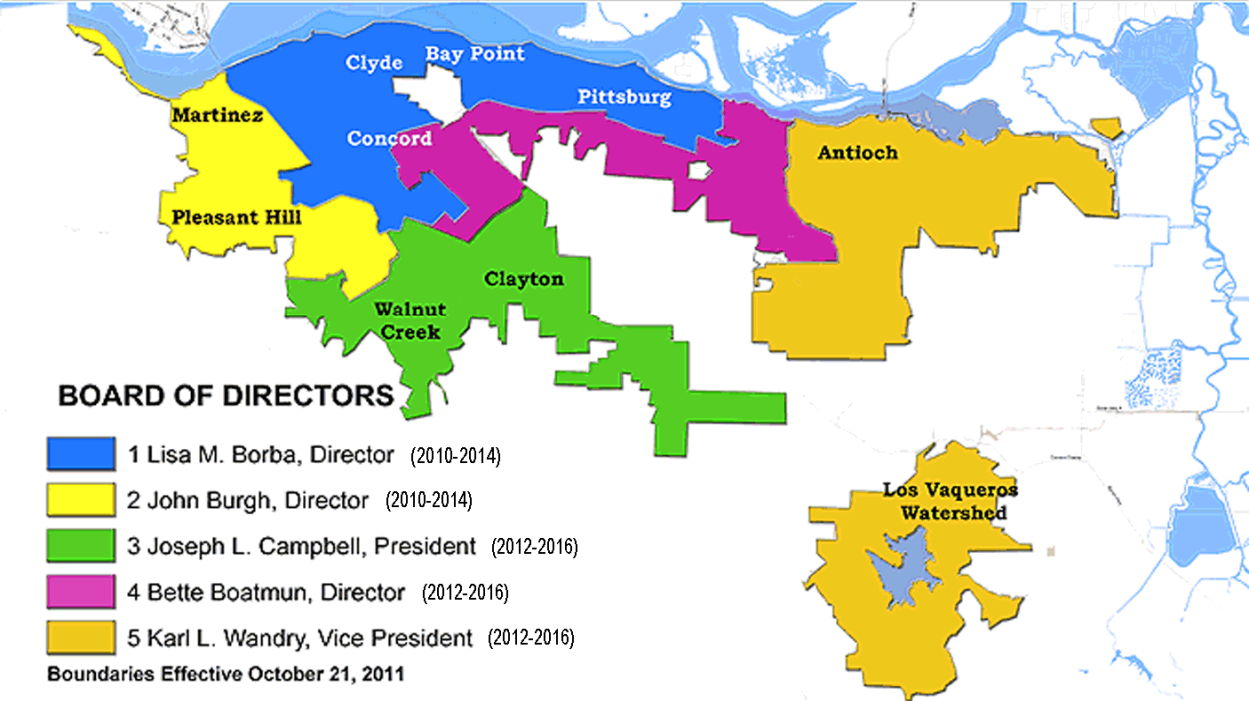
## STAFF RECOMMENDATIONS

Staff recommends approval of Resolution No. 14-11 authorizing financing to the City of Pittsburg for the Project as follows:

1. **Applicant/Borrower:** City of Pittsburg 14-11
2. **Project:** City of Pittsburg Water System Modifications Project
3. **Amount of Financing:** \$11,387,398
4. **Maturity:** Not to exceed 30 years.
5. **Repayment/Security:** Senior lien on Fund net revenues on parity with the 2008 Bonds.
6. **Interest Rate:** 3.51%
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 I-Bank'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 the 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:** The Financing Agreement shall include, among other things, the following covenants:
  - a. Rates and charges shall be maintained sufficient to ensure 1.25 times aggregate annual debt service ratio for all parity obligations.
  - b. Fund net revenues may be pledged on a parity basis with the ISRF Program financing for future financing if net revenues (adjusted for rate increases and system expansion) will provide future aggregate debt service coverage of 1.25 times maximum annual debt service on all parity debt, inclusive of the then proposed financing.
  - c. Issuance of future debt senior to the subject debt is prohibited.
  - d. Borrower compliance with all applicable laws, regulations and permitting requirements associated with public works projects.
  - e. Annual Borrower audited financial statements, due to the IBank within 240 days of fiscal year end as well as other information as the IBank may request from time to time.
  - f. Annual Borrower certifications demonstrating compliance with the foregoing.

**EXHIBIT 1  
Project Location Maps**

**CONTRA COSTA WATER DISTRICT DIRECTOR DIVISIONS** 



## AMORTIZATION TABLE

Payment Date	Ending Principal Balance	Principal Payment	Interest Payment	Total Principal & Interest	Annual Fee	Total Payment	Total Payment Fiscal Year Ending 30-Jun
1-Aug-2014	\$11,387,398.00						
1-Feb-2015			\$199,848.83	\$199,848.83		\$199,848.83	\$199,848.83
1-Aug-2015	\$11,167,171.71	\$220,226.29	\$199,848.83	\$420,075.13	\$34,162.19	\$454,237.32	
1-Feb-2016			\$195,983.86	\$195,983.86		\$195,983.86	\$650,221.18
1-Aug-2016	\$10,939,215.47	\$227,956.23	\$195,983.86	\$423,940.10	\$33,501.52	\$457,441.61	
1-Feb-2017			\$191,983.23	\$191,983.23		\$191,983.23	\$649,424.84
1-Aug-2017	\$10,703,257.98	\$235,957.50	\$191,983.23	\$427,940.73	\$32,817.65	\$460,758.38	
1-Feb-2018			\$187,842.18	\$187,842.18		\$187,842.18	\$648,600.55
1-Aug-2018	\$10,459,018.37	\$244,239.61	\$187,842.18	\$432,081.78	\$32,109.77	\$464,191.56	
1-Feb-2019			\$183,555.77	\$183,555.77		\$183,555.77	\$647,747.33
1-Aug-2019	\$10,206,205.95	\$252,812.42	\$183,555.77	\$436,368.19	\$31,377.06	\$467,745.24	
1-Feb-2020			\$179,118.91	\$179,118.91		\$179,118.91	\$646,864.16
1-Aug-2020	\$9,944,519.82	\$261,686.13	\$179,118.91	\$440,805.05	\$30,618.62	\$471,423.66	
1-Feb-2021			\$174,526.32	\$174,526.32		\$174,526.32	\$645,949.99
1-Aug-2021	\$9,673,648.51	\$270,871.32	\$174,526.32	\$445,397.64	\$29,833.56	\$475,231.20	
1-Feb-2022			\$169,772.53	\$169,772.53		\$169,772.53	\$645,003.73
1-Aug-2022	\$9,393,269.61	\$280,378.90	\$169,772.53	\$450,151.43	\$29,020.95	\$479,172.38	
1-Feb-2023			\$164,851.88	\$164,851.88		\$164,851.88	\$644,024.26
1-Aug-2023	\$9,103,049.41	\$290,220.20	\$164,851.88	\$455,072.08	\$28,179.81	\$483,251.89	
1-Feb-2024			\$159,758.52	\$159,758.52		\$159,758.52	\$643,010.41
1-Aug-2024	\$8,802,642.48	\$300,406.93	\$159,758.52	\$460,165.44	\$27,309.15	\$487,474.59	
1-Feb-2025			\$154,486.38	\$154,486.38		\$154,486.38	\$641,960.97
1-Aug-2025	\$8,491,691.27	\$310,951.21	\$154,486.38	\$465,437.59	\$26,407.93	\$491,845.51	
1-Feb-2026			\$149,029.18	\$149,029.18		\$149,029.18	\$640,874.69
1-Aug-2026	\$8,169,825.67	\$321,865.60	\$149,029.18	\$470,894.78	\$25,475.07	\$496,369.85	
1-Feb-2027			\$143,380.44	\$143,380.44		\$143,380.44	\$639,750.29
1-Aug-2027	\$7,836,662.59	\$333,163.08	\$143,380.44	\$476,543.52	\$24,509.48	\$501,053.00	
1-Feb-2028			\$137,533.43	\$137,533.43		\$137,533.43	\$638,586.43
1-Aug-2028	\$7,491,805.49	\$344,857.10	\$137,533.43	\$482,390.53	\$23,509.99	\$505,900.52	
1-Feb-2029			\$131,481.19	\$131,481.19		\$131,481.19	\$637,381.71
1-Aug-2029	\$7,134,843.90	\$356,961.59	\$131,481.19	\$488,442.77	\$22,475.42	\$510,918.19	
1-Feb-2030			\$125,216.51	\$125,216.51		\$125,216.51	\$636,134.70
1-Aug-2030	\$6,765,352.96	\$369,490.94	\$125,216.51	\$494,707.45	\$21,404.53	\$516,111.98	
1-Feb-2031			\$118,731.94	\$118,731.94		\$118,731.94	\$634,843.93
1-Aug-2031	\$6,382,892.89	\$382,460.07	\$118,731.94	\$501,192.02	\$20,296.06	\$521,488.08	
1-Feb-2032			\$112,019.77	\$112,019.77		\$112,019.77	\$633,507.85
1-Aug-2032	\$5,987,008.47	\$395,884.42	\$112,019.77	\$507,904.19	\$19,148.68	\$527,052.87	
1-Feb-2033			\$105,072.00	\$105,072.00		\$105,072.00	\$632,124.87
1-Aug-2033	\$5,577,228.50	\$409,779.96	\$105,072.00	\$514,851.96	\$17,961.03	\$532,812.99	
1-Feb-2034			\$97,880.36	\$97,880.36		\$97,880.36	\$630,693.35
1-Aug-2034	\$5,153,065.26	\$424,163.24	\$97,880.36	\$522,043.60	\$16,731.69	\$538,775.29	
1-Feb-2035			\$90,436.30	\$90,436.30		\$90,436.30	\$629,211.58
1-Aug-2035	\$4,714,013.89	\$439,051.37	\$90,436.30	\$529,487.67	\$15,459.20	\$544,946.86	
1-Feb-2036			\$82,730.94	\$82,730.94		\$82,730.94	\$627,677.81
1-Aug-2036	\$4,259,551.82	\$454,462.07	\$82,730.94	\$537,193.02	\$14,142.04	\$551,335.06	
1-Feb-2037			\$74,755.13	\$74,755.13		\$74,755.13	\$626,090.19
1-Aug-2037	\$3,789,138.13	\$470,413.69	\$74,755.13	\$545,168.83	\$12,778.66	\$557,947.48	
1-Feb-2038			\$66,499.37	\$66,499.37		\$66,499.37	\$624,446.86

1-Aug-2038	\$3,302,212.91	\$486,925.21	\$66,499.37	\$553,424.59	\$11,367.41	\$564,792.00	
1-Feb-2039			\$57,953.84	\$57,953.84		\$57,953.84	\$622,745.84
1-Aug-2039	\$2,798,196.63	\$504,016.29	\$57,953.84	\$561,970.12	\$9,906.64	\$571,876.76	
1-Feb-2040			\$49,108.35	\$49,108.35		\$49,108.35	\$620,985.11
1-Aug-2040	\$2,276,489.37	\$521,707.26	\$49,108.35	\$570,815.61	\$8,394.59	\$579,210.20	
1-Feb-2041			\$39,952.39	\$39,952.39		\$39,952.39	\$619,162.59
1-Aug-2041	\$1,736,470.18	\$540,019.18	\$39,952.39	\$579,971.57	\$6,829.47	\$586,801.04	
1-Feb-2042			\$30,475.05	\$30,475.05		\$30,475.05	\$617,276.09
1-Aug-2042	\$1,177,496.32	\$558,973.86	\$30,475.05	\$589,448.91	\$5,209.41	\$594,658.32	
1-Feb-2043			\$20,665.06	\$20,665.06		\$20,665.06	\$615,323.38
1-Aug-2043	\$598,902.48	\$578,593.84	\$20,665.06	\$599,258.90	\$3,532.49	\$602,791.39	
1-Feb-2044			\$10,510.74	\$10,510.74		\$10,510.74	\$613,302.13
1-Aug-2044		\$598,902.48	\$10,510.74	\$609,413.22	\$1,796.71	\$611,209.93	\$611,209.93
<b>Total Payments:</b>	<b>\$11,387,398.00</b>	<b>\$7,210,320.84</b>	<b>\$18,597,718.84</b>	<b>\$616,266.74</b>	<b>\$19,213,985.58</b>	<b>\$19,213,985.58</b>	