DEBT SERVICE

From time-to-time, the City borrows money to provide up-front financing for facilities that are needed prior to when actual cash would otherwise be available. Typically, such borrowing is used for major capital facility acquisition or construction where an identifiable future revenue stream can be reasonably anticipated to be used for repayment. No current debt is backed by the City’s General Fund.

In general, the City has employed five types of debt mechanisms for securing revenue for major expenditures. Each is briefly described below, followed by the Debt Service Summary Table which provides additional information about each specific debt.

**Mello-Roos**
The Mello-Roos Community Facilities Act enables local agencies to create special financing districts to help pay for certain types of public facilities. Sitting as the Public Facilities Financing Authority, the city has created and oversees six community facilities districts, which collectively provide the means for financing major citywide infrastructure improvements. The Pole Line Road overcrossing and new police station are examples of projects funded partially through this source. In addition, the city created a Mello-Roos district encompassing the Mace Ranch subdivision, which paid for the internal subdivision improvements.

Debt issued under this mechanism is secured and repaid by special taxes levied on private property within each district. The full faith and credit of the City does not back such debt, rather, failure to pay such debt can result in foreclosure proceedings and sale of property to recover tax obligations.

**Certificates of Participation**
Certificates of Participation (COPs) provide a financing technique that relies on a local government's authority to acquire and dispose of property. COPs are essentially long-term lease-to-buy arrangements that afford local governments the opportunity to finance capital improvements including land, buildings and other equipment from existing revenue sources. Davis retired its last COPS (ABAG 34) during the 2012/13 fiscal year.

**Redevelopment Tax Allocation Bonds**
Redevelopment agencies (RDA) were created to be in debt. RDA's pledged future property tax increment growth for debt repayment that was issued to finance projects aimed at the elimination of blight within the Redevelopment project area. However, the adopted State Budget for FY 2011/12 included a trailer bill (AB1X 26) which dissolves all redevelopment agencies in existence and designates successor agencies and oversight boards to satisfy enforceable obligations and administer dissolution of the former redevelopment agencies. All debt obligations of the previous Davis Redevelopment Agency have been transferred to the Davis Redevelopment Successor Agency for the purposes of completing the debt payment obligations.

**Assessment Districts**
The City has employed assessment districts in the past to pay for specific area improvements such as infrastructure for the University Research Park. Bonds are issued to provide cash up front and are repaid with special assessments imposed on properties receiving specific benefit from such improvements.

**Loans**
Simply an alternative way to borrow money, the City has benefited from a number of low-interest loans made available by the state for specified infrastructure improvements for water and sewer facilities. Such loans afford the City access to money at much lower interest rates than would be possible through conventional techniques such as revenue bonds. Such savings are passed along to residents in the form of lower utility rates.
<table>
<thead>
<tr>
<th>DEBT SERVICE</th>
<th>Program Total</th>
<th>General Fund</th>
<th>General Fund Fees &amp; Charges</th>
<th>General Fund Grants/Designated Revenue</th>
<th>Total General Fund Support</th>
<th>Other Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>0024 - 2003 Public Finance Authority Bond</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>11,100</td>
<td>548,408</td>
<td>0</td>
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<tr>
<td>0025 - 2007 CFD Mace Ranch I</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>5,099</td>
<td>1,204,775</td>
<td>1,209,775</td>
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<tr>
<td>0026 - 2007-2 Mace Ranch II</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>2,090</td>
<td>363,238</td>
<td>365,238</td>
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<tr>
<td>0027 - 2009 PFEA Bond</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>6,500</td>
<td>423,931</td>
<td>430,431</td>
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<tr>
<td>0028 - SRF Loan #1 C-06-6006-110</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>5,099</td>
<td>1,204,775</td>
<td>1,209,775</td>
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<tr>
<td>0033 - SRF Loan #2 C-06-4300-110</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<td>329,177</td>
<td>329,177</td>
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<tr>
<td>0034 - WWTP Expansion - LaSalle</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>80</td>
<td>58</td>
<td>58</td>
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<tr>
<td>0035 - Water Storage Tank Loan</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>329,177</td>
<td>329,177</td>
<td>329,177</td>
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<tr>
<td>0038 - Cal I Bank CIEDS-B08-093</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>30,000</td>
<td>594,443</td>
<td>624,443</td>
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<tr>
<td>0040 - Wells Fargo - Water LOC</td>
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<td>0</td>
<td>0</td>
<td>127,012</td>
<td>127,012</td>
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<tr>
<td>0058 - University Research Park Assmt Dist</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1,800</td>
<td>179,560</td>
<td>181,360</td>
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<tr>
<td>0060 - Interfund Loan - Sewer Fund</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>60,811</td>
<td>60,811</td>
<td>60,811</td>
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<tr>
<td>0061 - Interfund Loan - Drainage Fund</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>65,806</td>
<td>65,806</td>
<td>65,806</td>
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<tr>
<td>0081 - 2011 RDA TAB Series A</td>
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<td>3,000</td>
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<td>920,725</td>
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<tr>
<td>0082 - 2011 RDA Taxable TAB Series B</td>
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<td>576,750</td>
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<tr>
<td>0096 - 2003 Tax Allocation Bond</td>
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<td>586,719</td>
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<td>0097 - 2007 Tax Allocation Bond</td>
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<td>3,000</td>
<td>791,300</td>
<td>794,300</td>
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<tr>
<td>0098 - 2007 Taxable Housing Bond</td>
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<td>0</td>
<td>0</td>
<td>3,000</td>
<td>573,778</td>
<td>576,778</td>
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<tr>
<td>TOTAL DEBT SERVICE</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>89,496</td>
<td>8,323,956</td>
<td>8,413,452</td>
</tr>
</tbody>
</table>

**EXPENDITURES BY CATEGORY**

- **Salaries & Benefits w/ot Overtime**
- **Professional Services**
- **Other Expenses**
- **Program Total**

**FUNDING SOURCES**

- **General Fund**
- **General Fund Fees & Charges**
- **General Fund Grants/Designated Revenue**
- **Total General Fund Support**
- **Other Funds**
The following table summarizes the current outstanding debt issues that the City manages. Immediately following is the budget detail for these debt service funds.

### Debt Service Summary Table

<table>
<thead>
<tr>
<th>Program</th>
<th>Name</th>
<th>2010-11 Actual</th>
<th>2011-12 Actual</th>
<th>2012-13 Budget</th>
<th>2013-14 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>8821</td>
<td>ABAG Certificates</td>
<td>217,028</td>
<td>956,465</td>
<td>-</td>
<td>-</td>
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<tr>
<td>8822</td>
<td>1999 Public Finance Authority Bond</td>
<td>32</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>8824</td>
<td>2003 Public Finance Authority Bond</td>
<td>557,012</td>
<td>556,728</td>
<td>556,657</td>
<td>559,508</td>
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<tr>
<td>8825</td>
<td>2007 CFD Mace Ranch I</td>
<td>1,220,544</td>
<td>1,246,130</td>
<td>1,218,775</td>
<td>1,209,775</td>
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<tr>
<td>8826</td>
<td>CFD 2007-2 Mace Ranch II</td>
<td>370,544</td>
<td>371,939</td>
<td>357,518</td>
<td>435,431</td>
</tr>
<tr>
<td>8827</td>
<td>2009 PFFA Bond</td>
<td>438,364</td>
<td>438,639</td>
<td>357,518</td>
<td>435,431</td>
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<tr>
<td>8832</td>
<td>SRF Loan #1</td>
<td>309,827</td>
<td>338,002</td>
<td>310,674</td>
<td>303,780</td>
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<tr>
<td>8833</td>
<td>SRF Loan #2</td>
<td>717,904</td>
<td>841,666</td>
<td>717,388</td>
<td>695,785</td>
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<tr>
<td>8834</td>
<td>WWTP Expansion - LaSalle</td>
<td>215,856</td>
<td>1,347,828</td>
<td>215,719</td>
<td>58</td>
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<tr>
<td>8835</td>
<td>Water Meter Retrofit</td>
<td>325,247</td>
<td>163,518</td>
<td>-</td>
<td>-</td>
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<tr>
<td>8836</td>
<td>Water Storage Tank</td>
<td>334,456</td>
<td>363,173</td>
<td>334,143</td>
<td>329,177</td>
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<tr>
<td>8837</td>
<td>Union Bank LOC</td>
<td>33,655</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>8838</td>
<td>Cal I-Bank CIEDB-B08-093</td>
<td>634,184</td>
<td>740,061</td>
<td>631,499</td>
<td>624,443</td>
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<tr>
<td>8840</td>
<td>Wells Fargo - Water Line of Credit</td>
<td>2,688</td>
<td>86,953</td>
<td>128,666</td>
<td>127,012</td>
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<td>8852</td>
<td>Parking Assessment District #3</td>
<td>12</td>
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<td>-</td>
<td>-</td>
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<tr>
<td>8858</td>
<td>Univ. Research Park Assessment District</td>
<td>184,510</td>
<td>181,971</td>
<td>189,124</td>
<td>181,360</td>
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<tr>
<td>8860</td>
<td>Interfund Loan - Sewer Fund</td>
<td>60,820</td>
<td>59,597</td>
<td>63,968</td>
<td>60,811</td>
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<tr>
<td>8861</td>
<td>Interfund Loan - Drainage Fund</td>
<td>64,127</td>
<td>62,603</td>
<td>67,423</td>
<td>65,806</td>
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<tr>
<td>8862</td>
<td>Motorola Lease/Purchase</td>
<td>205,658</td>
<td>205,658</td>
<td>-</td>
<td>-</td>
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<tr>
<td>9181</td>
<td>2011 RDA TAB - Series A</td>
<td>1,001,978</td>
<td>1,003,015</td>
<td>920,725</td>
<td>920,725</td>
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<tr>
<td>9182</td>
<td>2011 RDA Taxable TAB - Series B</td>
<td>309,095</td>
<td>921,502</td>
<td>577,281</td>
<td>576,750</td>
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<tr>
<td>9191</td>
<td>RDA Interfund Loan</td>
<td>884,680</td>
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<td>-</td>
<td>-</td>
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<tr>
<td>9192</td>
<td>RDA Debt Service</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>9196</td>
<td>2003 Tax Allocation Bond</td>
<td>563,316</td>
<td>692,805</td>
<td>568,730</td>
<td>586,715</td>
</tr>
<tr>
<td>9197</td>
<td>2007 Tax Allocation Bond</td>
<td>809,484</td>
<td>953,326</td>
<td>804,600</td>
<td>794,300</td>
</tr>
<tr>
<td>9198</td>
<td>2007 Taxable Housing Bond</td>
<td>596,754</td>
<td>736,092</td>
<td>579,615</td>
<td>576,778</td>
</tr>
</tbody>
</table>

**TOTAL RESOURCES REQUIRED**

<table>
<thead>
<tr>
<th>2010-11</th>
<th>2011-12</th>
<th>2012-13</th>
<th>2013-14</th>
</tr>
</thead>
<tbody>
<tr>
<td>10,057,775</td>
<td>12,267,671</td>
<td>8,615,203</td>
<td>8,413,452</td>
</tr>
</tbody>
</table>
## DEBT SERVICE

### ADOPTED BUDGET 2013-2014

#### SUMMARY OF EXPENDITURES

<table>
<thead>
<tr>
<th>Program</th>
<th>Name</th>
<th>Type</th>
<th>Outstanding Principal</th>
<th>Annual Debt Service (Principal &amp; Interest)</th>
<th>Year of Final Payment</th>
<th>Final Interest Rate</th>
<th>Earliest Refinance</th>
<th>Call Premium</th>
<th>Source of Repayment</th>
<th>Use of Proceeds</th>
</tr>
</thead>
<tbody>
<tr>
<td>8821</td>
<td>ABAG COP</td>
<td>Certificates of Participation</td>
<td>0</td>
<td>0</td>
<td>2013</td>
<td>6.500%</td>
<td>4/7/2005</td>
<td>100</td>
<td>Construction tax &amp; Quimby Act fees</td>
<td>Acquisition of land for Playfields and Walnut Parks</td>
</tr>
<tr>
<td>8824</td>
<td>City of Davis Public Facilities Financing Authority local agency revenue bonds - Series 2003</td>
<td>Mello-Roos</td>
<td>1,540,000</td>
<td>548,408</td>
<td>2015</td>
<td>5.000%</td>
<td>9/1/2015</td>
<td>102</td>
<td>Mello Roos special taxes</td>
<td>Refunding of Series 1995 local agency revenue bonds</td>
</tr>
<tr>
<td>8825</td>
<td>City of Davis Public Facilities Financing Authority local agency revenue bonds - Series 2007</td>
<td>Mello-Roos</td>
<td>11,430,000</td>
<td>1,204,775</td>
<td>2025</td>
<td>5.000%</td>
<td>9/1/2015</td>
<td>102</td>
<td>Mello Roos special taxes</td>
<td>Refunding of Series 2000 local agency revenue bonds</td>
</tr>
<tr>
<td>8826</td>
<td>City of Davis Community Facilities District 2007-2</td>
<td>Mello-Roos</td>
<td>5,060,000</td>
<td>363,238</td>
<td>2037</td>
<td>5.250%</td>
<td>9/1/2015</td>
<td>102</td>
<td>Mello Roos special taxes</td>
<td>Refunding of Series 2000 local agency revenue bonds</td>
</tr>
<tr>
<td>8827</td>
<td>City of Davis Public Facilities Financing Authority local agency refunding bonds -- Series 2009</td>
<td>Mello-Roos</td>
<td>9,570,000</td>
<td>428,931</td>
<td>2029</td>
<td>5.000%</td>
<td>9/1/2019</td>
<td>102</td>
<td>Mello Roos special taxes</td>
<td>Refunding of Series 1999 local agency revenue bonds</td>
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<tr>
<td>8832</td>
<td>State Revolving Fund Loan</td>
<td>Loan</td>
<td>835,839</td>
<td>293,852</td>
<td>2015</td>
<td>2.700%</td>
<td>NA</td>
<td>NA</td>
<td>Drainage &amp; Sewer funds</td>
<td>Wetlands acquisition and construction</td>
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<tr>
<td>8833</td>
<td>Wastewater treatment plant expansion loan</td>
<td>Loan</td>
<td>4,367,925</td>
<td>690,637</td>
<td>2019</td>
<td>2.600%</td>
<td>NA</td>
<td>NA</td>
<td>Sewer funds</td>
<td>Expansion and upgrade of wastewater treatment plant</td>
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<tr>
<td>8836</td>
<td>Water storage tank loan</td>
<td>Loan</td>
<td>2,960,053</td>
<td>323,965</td>
<td>2024</td>
<td>2.600%</td>
<td>NA</td>
<td>NA</td>
<td>Water fund surcharge</td>
<td>Construction of Water Storage Tank</td>
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<tr>
<td>8838</td>
<td>State of CA Infrastructure (l-bank)</td>
<td>Loan</td>
<td>9,410,644</td>
<td>584,552</td>
<td>2038</td>
<td>4.000%</td>
<td>NA</td>
<td>NA</td>
<td>Water fund</td>
<td>Water storage tank</td>
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<tr>
<td>8840</td>
<td>Wells Fargo Line of Credit</td>
<td>Loan</td>
<td>13,728,900</td>
<td>125,000</td>
<td>Variable</td>
<td>N/A</td>
<td>N/A</td>
<td>Water fund</td>
<td>Surface water project</td>
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<tr>
<td>8858</td>
<td>University Research Park Assessment District</td>
<td>Assessment District</td>
<td>915,000</td>
<td>179,560</td>
<td>2017</td>
<td>6.400%</td>
<td>9/2/2005</td>
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<td>Property owner assessments</td>
<td>University Research Park subdivision infrastructure</td>
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<tr>
<td>9181</td>
<td>2011 TAB Series A</td>
<td>RDA tax allocation</td>
<td>13,310,000</td>
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<td>2036</td>
<td>7.000%</td>
<td>N/A</td>
<td>N/A</td>
<td>RDA property tax increment</td>
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<tr>
<td>9182</td>
<td>2011 Taxable TAB Series B</td>
<td>RDA taxable tax</td>
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<td>573,750</td>
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<td>8.000%</td>
<td>N/A</td>
<td>N/A</td>
<td>RDA property tax increment</td>
<td>RDA property tax increment</td>
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<tr>
<td>9196</td>
<td>Redevelopment Agency for the City of Davis 2003 Tax Allocation refunding bonds</td>
<td>Redevelopment tax allocation bond</td>
<td>7,980,000</td>
<td>565,619</td>
<td>2033</td>
<td>5.000%</td>
<td>9/1/2011</td>
<td>102</td>
<td>RDA property tax increment</td>
<td>Refunding of Series 1994 tax allocation bonds</td>
</tr>
<tr>
<td>9197</td>
<td>Redevelopment Agency for the City of Davis 2007 Tax Allocation refunding bonds</td>
<td>Redevelopment tax allocation refunding bond</td>
<td>10,090,000</td>
<td>791,300</td>
<td>2030</td>
<td>4.250%</td>
<td>9/1/2016</td>
<td>102</td>
<td>RDA property tax increment</td>
<td>Refunding of RDA Series 2000 tax allocation bonds</td>
</tr>
<tr>
<td>9198</td>
<td>Redevelopment Agency for the City of Davis 2007 Taxable Housing Bonds</td>
<td>Redevelopment housing set-aside bond</td>
<td>7,700,000</td>
<td>573,778</td>
<td>2037</td>
<td>5.650%</td>
<td>9/1/2016</td>
<td>102</td>
<td>RDA housing set-aside</td>
<td>Increasing, improving, preserving the supply of low and moderate income housing</td>
</tr>
</tbody>
</table>