



## REPORT TO CITY COUNCIL

**Approved by:**

  
\_\_\_\_\_  
Roger Sanchez, Finance Department Director

  
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Arnaldo Rodriguez, City Manager

**Council Meeting:** January 20, 2021

**Agenda Number:** D-2

**SUBJECT:**

Refinancing of 2006 loan for the wastewater treatment plant in the outstanding amount of \$6,365,288 with the California Infrastructure and Economic Development Bank

**RECOMMENDATION:**

Adopt a Resolution Authorizing the Execution and Delivery of a Loan Agreement in an amount not-to-exceed \$6,500,000 and an interest rate not-to-exceed 3.0% for Refunding of an Installment Sale Agreement Dated March 15, 2006 and Authorizing the Taking of Other Actions, and the Delivery of Other Documents Related Thereto

**BACKGROUND:**

As part of the City's ongoing effort to implement cost reduction. The City has identified an outstanding obligation that can be refinanced for debt service savings. Table 1 provides a summary.

| <b>Table 1: CA Infrastructure &amp; Economic Development Bank <sup>(1)</sup></b> |                               |
|----------------------------------------------------------------------------------|-------------------------------|
| Original amount:                                                                 | \$10,000,000                  |
| Outstanding amount:                                                              | \$6,365,288                   |
| Final maturity (term):                                                           | August 1, 2035                |
| Call date:                                                                       | Any date @ 100%               |
| Interest rate:                                                                   | 3.01%                         |
| CIEDB annual fee:                                                                | 0.3% of outstanding principal |
| <sup>(1)</sup> Dated March 15, 2006 ("CIEDB Agreement")                          |                               |

In 2006, the City entered into the CIEDB Agreement the payments of which are secured by net revenues of the City's wastewater system on a subordinate basis to other obligations of the City's

wastewater fund. Proceeds of the obligation were used to fund capital improvements to the City’s wastewater treatment plant (“WWTP”) including improvements to bring the WWTP into compliance with Regional Water Quality Control Board (“RWQCB”) requirements, the rehabilitation of aging components, and the expansion of the permitted treatment capacity from 7.0 million gallons per day (“MGD”) to 10.1 MGD.

In October 2020, the Municipal Advisor determined the CIEDB Agreement was a potential refinancing candidate and briefed the City.

In November 2020, the Municipal Advisor recommended the method of sale as a direct placement and the City Manager and the Finance Director approved requesting offers from lenders in a competitive process. The Placement Agent prepared a term sheet that was approved by the City and sent to 15 lenders. During this same time, after discussions with the CIEDB, Bond Counsel determined the refinancing would need to be taxable because the CIEDB cannot certify they will spend the payoff amount they receive within a reasonable time by either calling their bonds or loaning the dollars to other entities, as required by the Internal Revenue Service regulations.

At the December 16, 2020 Council meeting, staff and the Municipal Advisor briefed the Council on the refinancing. During the meeting, staff and the Municipal Advisor received direction to move forward on the refinancing and to bring the necessary documentation back to the City Council at the January 20, 2021 meeting for formal review and approval.

Table 2 provides a list of the offers the Placement Agent received from the following four lenders:

| <b>Table 2: Summary of potential lenders</b>                                                                                                                                  |             |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| <i>Lender</i>                                                                                                                                                                 | <i>Rate</i> |
| BBVA Compass <ul style="list-style-type: none"> <li>▪ Interest rate locked for 60 days</li> <li>▪ Callable after year 7 at par</li> <li>▪ No reserve fund required</li> </ul> | 2.41%       |
| Sterling National Bank                                                                                                                                                        | 2.64%       |
| Municipal Finance Corporation                                                                                                                                                 | 2.90%       |
| First Foundation Bank                                                                                                                                                         | 3.20%       |

After review, it was recommended the City enter into a direct placement Loan Agreement with BBVA Compass. The BBVA Compass offer includes a rate lock, meaning the proposed interest rate will not vary and will remain in place until the proposed closing date of February 3, 2021. At the January 6, 2021 meeting of the Council, the Council approved the BBVA term sheet.

**DISCUSSION:**

The Municipal Advisor recommended the method of sale as a direct placement because of the following:

- Similar economics to a public offering
- Lower costs of issuance
- Less time consuming from start of the refinancing to closing
- Rate lock available eliminating market interest rate risk
- Remaining term of 15 years or less generally sweet spot for most lenders which helps creates competition

A direct placement is a debt obligation entered into directly with a lender or financial institution that operates in the municipal space. A public offering is a formal open sale to the public including retail and institutional investors on a set date and time. A public offering requires a rating from a recognized rating agency (Moody's, S&P or Fitch) and requires a formal marketing document known as an official statement. Both the rating process and the preparation of the official statement increase the time to market and the costs to issue the obligation. Even though the interest rates may be lower on a public offering, when you include the additional costs of issuance required for this method of sale, a direct placement often provides better economics. The other primary benefit to a direct placement is that a lender may offer a rate lock, meaning that the interest rate will not change from the time you notify the lender until the transaction closes. The interest rates on a public offering will vary day to day until the actual date and time the transaction is sold to the public.

Based on the terms of the BBVA Compass offer, table 3 below summarizes the economics of the refinancing as presented to the Council on December 16, 2020 and the slightly revised economics being presented tonight:

| <b>Table 3: Summary of BBVA Compass Offer</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                     |                                    |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|------------------------------------|
| <i>Item</i>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | <i>12/16/20<br/>Council Meeting</i> | <i>1/20/21<br/>Council Meeting</i> |
| Outstanding Amount                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | \$6,365,288                         | \$6,365,288                        |
| Proposed Amount <sup>(1)</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | \$6,462,000                         | \$6,472,000                        |
| Proposed Interest Rate <sup>(2)</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 2.41%                               | 2.41%                              |
| Prior Issue Total Debt Service <sup>(3)</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | \$8,071,267                         | \$8,071,267                        |
| Refinancing Debt Service <sup>(4)</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | \$7,689,825                         | \$7,701,439                        |
| Total Savings                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | \$381,442                           | \$369,829                          |
| Average Annual Savings                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | \$25,429                            | \$24,655                           |
| Net Present Value Savings                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | \$320,044                           | \$310,391                          |
| Net Present Value % of Prior Issue                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 5.03%                               | 4.88%                              |
| <p><sup>(1)</sup> Not-to-exceed \$6,500,000 as referenced in the Resolution. The proposed amount went up by \$10,000 because of the unpaid annual fee due to CIEDB in the amount of \$9,653.28 calculated from August 1, 2020 to February 3, 2021, the proposed date of closing</p> <p><sup>(2)</sup> Not-to-exceed 3.0% as referenced in the Resolution</p> <p><sup>(3)</sup> Includes all ongoing fees paid to the CIEDB on an annual basis and no longer required as part of the refinancing</p> <p><sup>(4)</sup> Includes all costs associated with the issuance of the refinancing</p> |                                     |                                    |

The proposed amount went up by \$10,000 given that the City is required to pay the annual fee to the CIEDB in the amount of \$9,653.28. This amount is the pro-rated amount calculated from August 1, 2020 through and including February 3, 2021, the proposed closing date of the refinancing. The payment of this amount was unknown at the time of the December Council meeting.

It is noted that the interest rate will be locked during the life of the loan and the term of the loan will run through 2035, the same time period as the current CIEDB agreement that would remain in place should the City elect to not refinance.

The City Council is required to establish parameters for any financing. The not-to-exceed amount of \$6,500,000 and the not-to-exceed interest rate of 3.0% both referenced in the Resolution are such parameters. However, to be clear, the economics presented in Table 3 above are not expected to change between now and closing.

Table 4 below shows the costs of issuance associated with the refinancing. These costs have been factored into all the calculations shown in the table above.

| <b>Table 4: Costs to Issue</b> |                 |
|--------------------------------|-----------------|
| <i>Line Item</i>               | <i>Budget</i>   |
| Bond Counsel                   | \$30,000        |
| Placement Agent                | \$25,000        |
| Municipal Advisor              | \$27,500        |
| Bank Counsel                   | \$8,500         |
| CDIAC                          | \$1,623         |
| Miscellaneous                  | \$2,377         |
| <b>Total</b>                   | <b>\$95,000</b> |

The financing team includes Brandis Tallman as Placement Agent, Del Rio Advisors, LLC as Municipal Advisor and Jones Hall as Bond Counsel. In short, their roles may be defined as follows:

- **Municipal Advisor:** makes recommendations as to the type of bond sale, assists in structuring the financing, reviews the terms of the offers received and assists in the selection of a lender. Under regulatory rules, the Municipal Advisor has a fiduciary duty to the City.
- **Bond Counsel:** drafts the documents and ensures that all legal requirements critical to the validity of the financing are satisfied.
- **Placement Agent:** an investment banking (broker-dealer) firm that is responsible for soliciting term sheet responses from multiple lenders. The Placement Agent will also assist in structuring the financing.

The Loan Agreement is the primary document to be reviewed by the Council. The Loan Agreement governs all the terms and conditions of the proposed refinancing including, but not limited to, the interest rate, the payment dates and amounts, the redemption provisions, a covenant to set rates and charges of the wastewater system and the ability to issue additional obligations.

The payments under the new Loan Agreement will be on parity (have equal rights to the net revenues of the system) with the Wastewater Revenue Refunding Bonds, Series 2015 which was also done as a direct placement and refinanced bonds issued in 2006.

**FINANCIAL IMPACT:**

The CIEDB Agreement is currently outstanding in the amount of \$6,365,288, has a final term of 2035 with an existing interest rate of 3.01%. Based on today’s interest rates, the CIEDB Agreement can be refunded to the same term at an interest rate of 2.41%.

By taking advantage of low interest rates currently available in the market, refinancing the CIEBD Agreement will produce annual savings of \$24,655 per year through 2035. Over the life of the

new agreement, the ratepayers will save over \$369,000 in total debt payments. In today's dollars, this translates to over \$310,000 in net present value savings equal to 4.88% of the refinanced principal amount. Typically, municipal issuers set a minimum net present value savings goal equal to 3.0% to 5.0% of the refunded principal amount to determine if a refinancing is worthwhile to pursue.

#### **CONSISTENCY WITH THE VISION MADERA 2025 PLAN**

The presentation of this item is consistent with Strategy 115 of the Vision Plan - Economic Resource Provision: Ensure sufficient economic resources to provide adequate City services and prepare for future growth. It is also in line with funding core services as articulated by the Vision Madera 2025 Plan.

#### **ALTERNATIVES:**

As an alternative, Council may:

1. Reject the proposed refinancing.
2. Request additional information.
3. Request that staff identifying other refinancing options.

#### **ATTACHMENTS**

1. Resolution
2. Proposed Final Bond Numbers
3. Loan Agreement

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**SOURCES AND USES OF FUNDS****City of Madera  
2021 Wastewater Revenue Refunding Bonds (CIEDB Loan) (Private Placement)  
BBVA Compass Proposal****Sources:**

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|                |              |
|----------------|--------------|
| Bond Proceeds: |              |
| Par Amount     | 6,472,000.00 |
|                | <hr/>        |
|                | 6,472,000.00 |
|                | <hr/> <hr/>  |

**Uses:**

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|                            |              |
|----------------------------|--------------|
| Refunding Escrow Deposits: |              |
| Cash Deposit               | 6,376,005.32 |
| Delivery Date Expenses:    |              |
| Cost of Issuance           | 95,000.00    |
| Other Uses of Funds:       |              |
| Additional Proceeds        | 994.68       |
|                            | <hr/>        |
|                            | 6,472,000.00 |
|                            | <hr/> <hr/>  |

## ESCROW REQUIREMENTS

**City of Madera  
2021 Wastewater Revenue Refunding Bonds (CIEDB Loan) (Private Placement)  
BBVA Compass Proposal**

| <i>Period<br/>Ending</i> | <i>Principal</i> | <i>Interest</i> | <i>Principal<br/>Redeemed</i> | <i>Total</i> |
|--------------------------|------------------|-----------------|-------------------------------|--------------|
| 02/03/2021               | 9,653.28         | 1,064.42        | 6,365,287.62                  | 6,376,005.32 |
|                          | 9,653.28         | 1,064.42        | 6,365,287.62                  | 6,376,005.32 |



**SUMMARY OF BONDS REFUNDED**

**City of Madera  
2021 Wastewater Revenue Refunding Bonds (CIEDB Loan) (Private Placement)  
BBVA Compass Proposal**

| <i>Bond</i>                                | <i>Maturity Date</i> | <i>Interest Rate</i> | <i>Par Amount</i> | <i>Call Date</i> | <i>Call Price</i> |
|--------------------------------------------|----------------------|----------------------|-------------------|------------------|-------------------|
| 2006 Wastewater CIEDB Loan, 06CIEDB, BOND: | 08/01/2035           | 3.010%               | 6,365,287.62      | 02/03/2021       | 100.000           |
|                                            |                      |                      | 6,365,287.62      |                  |                   |

**PRIOR BOND DEBT SERVICE**

**City of Madera**  
**2021 Wastewater Revenue Refunding Bonds (CIEDB Loan) (Private Placement)**  
**BBVA Compass Proposal**

| <i>Period<br/>Ending</i> | <i>Principal</i> | <i>Coupon</i> | <i>Interest</i> | <i>Debt Service</i> | <i>Annual<br/>Debt Service</i> | <i>Other<br/>Cash Flow</i> | <i>Total</i> | <i>Annual<br/>Total</i> |
|--------------------------|------------------|---------------|-----------------|---------------------|--------------------------------|----------------------------|--------------|-------------------------|
| 08/01/2021               | 341,988.96       | 3.010%        | 95,797.58       | 437,786.54          |                                | 19,095.86                  | 456,882.40   |                         |
| 02/01/2022               |                  |               | 90,650.64       | 90,650.64           | 528,437.18                     |                            | 90,650.64    | 547,533.04              |
| 08/01/2022               | 352,282.83       | 3.010%        | 90,650.64       | 442,933.47          |                                | 18,069.90                  | 461,003.37   |                         |
| 02/01/2023               |                  |               | 85,348.79       | 85,348.79           | 528,282.26                     |                            | 85,348.79    | 546,352.16              |
| 08/01/2023               | 362,886.54       | 3.010%        | 85,348.79       | 448,235.33          |                                | 17,013.05                  | 465,248.38   |                         |
| 02/01/2024               |                  |               | 79,887.35       | 79,887.35           | 528,122.68                     |                            | 79,887.35    | 545,135.73              |
| 08/01/2024               | 373,809.42       | 3.010%        | 79,887.35       | 453,696.77          |                                | 15,924.39                  | 469,621.16   |                         |
| 02/01/2025               |                  |               | 74,261.51       | 74,261.51           | 527,958.28                     |                            | 74,261.51    | 543,882.67              |
| 08/01/2025               | 385,061.09       | 3.010%        | 74,261.51       | 459,322.60          |                                | 14,802.96                  | 474,125.56   |                         |
| 02/01/2026               |                  |               | 68,466.34       | 68,466.34           | 527,788.94                     |                            | 68,466.34    | 542,591.90              |
| 08/01/2026               | 396,651.43       | 3.010%        | 68,466.34       | 465,117.77          |                                | 13,647.78                  | 478,765.55   |                         |
| 02/01/2027               |                  |               | 62,496.74       | 62,496.74           | 527,614.51                     |                            | 62,496.74    | 541,262.29              |
| 08/01/2027               | 408,590.64       | 3.010%        | 62,496.74       | 471,087.38          |                                | 12,457.82                  | 483,545.20   |                         |
| 02/01/2028               |                  |               | 56,347.45       | 56,347.45           | 527,434.83                     |                            | 56,347.45    | 539,892.65              |
| 08/01/2028               | 420,889.21       | 3.010%        | 56,347.45       | 477,236.66          |                                | 11,232.05                  | 488,468.71   |                         |
| 02/01/2029               |                  |               | 50,013.07       | 50,013.07           | 527,249.73                     |                            | 50,013.07    | 538,481.78              |
| 08/01/2029               | 433,557.98       | 3.010%        | 50,013.07       | 483,571.05          |                                | 9,969.38                   | 493,540.43   |                         |
| 02/01/2030               |                  |               | 43,488.02       | 43,488.02           | 527,059.07                     |                            | 43,488.02    | 537,028.45              |
| 08/01/2030               | 446,608.07       | 3.010%        | 43,488.02       | 490,096.09          |                                | 8,668.71                   | 498,764.80   |                         |
| 02/01/2031               |                  |               | 36,766.57       | 36,766.57           | 526,862.66                     |                            | 36,766.57    | 535,531.37              |
| 08/01/2031               | 460,050.98       | 3.010%        | 36,766.57       | 496,817.55          |                                | 7,328.88                   | 504,146.43   |                         |
| 02/01/2032               |                  |               | 29,842.80       | 29,842.80           | 526,660.35                     |                            | 29,842.80    | 533,989.23              |
| 08/01/2032               | 473,898.51       | 3.010%        | 29,842.80       | 503,741.31          |                                | 5,948.73                   | 509,690.04   |                         |
| 02/01/2033               |                  |               | 22,710.63       | 22,710.63           | 526,451.94                     |                            | 22,710.63    | 532,400.67              |
| 08/01/2033               | 488,162.86       | 3.010%        | 22,710.63       | 510,873.49          |                                | 4,527.04                   | 515,400.53   |                         |
| 02/01/2034               |                  |               | 15,363.78       | 15,363.78           | 526,237.27                     |                            | 15,363.78    | 530,764.31              |
| 08/01/2034               | 502,856.56       | 3.010%        | 15,363.78       | 518,220.34          |                                | 3,062.55                   | 521,282.89   |                         |
| 02/01/2035               |                  |               | 7,795.79        | 7,795.79            | 526,016.13                     |                            | 7,795.79     | 529,078.68              |
| 08/01/2035               | 517,992.54       | 3.010%        | 7,795.79        | 525,788.33          |                                | 1,553.98                   | 527,342.31   |                         |
| 02/01/2036               |                  |               |                 |                     | 525,788.33                     |                            |              | 527,342.31              |
|                          | 6,365,287.62     |               | 1,542,676.54    | 7,907,964.16        | 7,907,964.16                   | 163,303.08                 | 8,071,267.24 | 8,071,267.24            |

**BOND SUMMARY STATISTICS**

**City of Madera**  
**2021 Wastewater Revenue Refunding Bonds (CIEDB Loan) (Private Placement)**  
**BBVA Compass Proposal**

|                                 |              |
|---------------------------------|--------------|
| Dated Date                      | 02/03/2021   |
| Delivery Date                   | 02/03/2021   |
| Last Maturity                   | 08/01/2035   |
| Arbitrage Yield                 | 2.410011%    |
| True Interest Cost (TIC)        | 2.410011%    |
| Net Interest Cost (NIC)         | 2.410000%    |
| All-In TIC                      | 2.623302%    |
| Average Coupon                  | 2.410000%    |
| Average Life (years)            | 7.882        |
| Duration of Issue (years)       | 7.040        |
| Par Amount                      | 6,472,000.00 |
| Bond Proceeds                   | 6,472,000.00 |
| Total Interest                  | 1,229,438.47 |
| Net Interest                    | 1,229,438.47 |
| Total Debt Service              | 7,701,438.47 |
| Maximum Annual Debt Service     | 522,626.07   |
| Average Annual Debt Service     | 531,337.27   |
| Underwriter's Fees (per \$1000) |              |
| Average Takedown                |              |
| Other Fee                       |              |
| Total Underwriter's Discount    |              |
| Bid Price                       | 100.000000   |

| <i>Bond Component</i> | <i>Par Value</i> | <i>Price</i> | <i>Average Coupon</i> | <i>Average Life</i> |
|-----------------------|------------------|--------------|-----------------------|---------------------|
| Bond Component        | 6,472,000.00     | 100.000      | 2.410%                | 7.882               |
|                       | 6,472,000.00     |              |                       | 7.882               |

|                            | <u>TIC</u>   | <u>All-In TIC</u> | <u>Arbitrage Yield</u> |
|----------------------------|--------------|-------------------|------------------------|
| Par Value                  | 6,472,000.00 | 6,472,000.00      | 6,472,000.00           |
| + Accrued Interest         |              |                   |                        |
| + Premium (Discount)       |              |                   |                        |
| - Underwriter's Discount   |              |                   |                        |
| - Cost of Issuance Expense |              | -95,000.00        |                        |
| - Other Amounts            |              |                   |                        |
| Target Value               | 6,472,000.00 | 6,377,000.00      | 6,472,000.00           |
| Target Date                | 02/03/2021   | 02/03/2021        | 02/03/2021             |
| Yield                      | 2.410011%    | 2.623302%         | 2.410011%              |

**BOND PRICING**

**City of Madera**  
**2021 Wastewater Revenue Refunding Bonds (CIEDB Loan) (Private Placement)**  
**BBVA Compass Proposal**

| <i>Bond Component</i> | <i>Maturity Date</i> | <i>Amount</i> | <i>Rate</i> | <i>Yield</i> | <i>Price</i> |
|-----------------------|----------------------|---------------|-------------|--------------|--------------|
| Bond Component:       |                      |               |             |              |              |
|                       | 08/01/2021           | 372,000       | 2.410%      | 2.410%       | 100.000      |
|                       | 08/01/2022           | 379,000       | 2.410%      | 2.410%       | 100.000      |
|                       | 08/01/2023           | 387,000       | 2.410%      | 2.410%       | 100.000      |
|                       | 08/01/2024           | 395,000       | 2.410%      | 2.410%       | 100.000      |
|                       | 08/01/2025           | 404,000       | 2.410%      | 2.410%       | 100.000      |
|                       | 08/01/2026           | 412,000       | 2.410%      | 2.410%       | 100.000      |
|                       | 08/01/2027           | 421,000       | 2.410%      | 2.410%       | 100.000      |
|                       | 08/01/2028           | 430,000       | 2.410%      | 2.410%       | 100.000      |
|                       | 08/01/2029           | 439,000       | 2.410%      | 2.410%       | 100.000      |
|                       | 08/01/2030           | 448,000       | 2.410%      | 2.410%       | 100.000      |
|                       | 08/01/2031           | 457,000       | 2.410%      | 2.410%       | 100.000      |
|                       | 08/01/2032           | 467,000       | 2.410%      | 2.410%       | 100.000      |
|                       | 08/01/2033           | 477,000       | 2.410%      | 2.410%       | 100.000      |
|                       | 08/01/2034           | 487,000       | 2.410%      | 2.410%       | 100.000      |
|                       | 08/01/2035           | 497,000       | 2.410%      | 2.410%       | 100.000      |
|                       |                      | 6,472,000     |             |              |              |

|                         |              |             |
|-------------------------|--------------|-------------|
| Dated Date              | 02/03/2021   |             |
| Delivery Date           | 02/03/2021   |             |
| First Coupon            | 08/01/2021   |             |
| Par Amount              | 6,472,000.00 |             |
| Original Issue Discount |              |             |
| Production              | 6,472,000.00 | 100.000000% |
| Underwriter's Discount  |              |             |
| Purchase Price          | 6,472,000.00 | 100.000000% |
| Accrued Interest        |              |             |
| Net Proceeds            | 6,472,000.00 |             |

## BOND DEBT SERVICE

### City of Madera 2021 Wastewater Revenue Refunding Bonds (CIEDB Loan) (Private Placement) BBVA Compass Proposal

| <i>Period<br/>Ending</i> | <i>Principal</i> | <i>Coupon</i> | <i>Interest</i> | <i>Debt Service</i> |
|--------------------------|------------------|---------------|-----------------|---------------------|
| 02/01/2022               | 372,000          | 2.410%        | 150,626.07      | 522,626.07          |
| 02/01/2023               | 379,000          | 2.410%        | 142,443.05      | 521,443.05          |
| 02/01/2024               | 387,000          | 2.410%        | 133,212.75      | 520,212.75          |
| 02/01/2025               | 395,000          | 2.410%        | 123,789.65      | 518,789.65          |
| 02/01/2026               | 404,000          | 2.410%        | 114,161.70      | 518,161.70          |
| 02/01/2027               | 412,000          | 2.410%        | 104,328.90      | 516,328.90          |
| 02/01/2028               | 421,000          | 2.410%        | 94,291.25       | 515,291.25          |
| 02/01/2029               | 430,000          | 2.410%        | 84,036.70       | 514,036.70          |
| 02/01/2030               | 439,000          | 2.410%        | 73,565.25       | 512,565.25          |
| 02/01/2031               | 448,000          | 2.410%        | 62,876.90       | 510,876.90          |
| 02/01/2032               | 457,000          | 2.410%        | 51,971.65       | 508,971.65          |
| 02/01/2033               | 467,000          | 2.410%        | 40,837.45       | 507,837.45          |
| 02/01/2034               | 477,000          | 2.410%        | 29,462.25       | 506,462.25          |
| 02/01/2035               | 487,000          | 2.410%        | 17,846.05       | 504,846.05          |
| 02/01/2036               | 497,000          | 2.410%        | 5,988.85        | 502,988.85          |
|                          | 6,472,000        |               | 1,229,438.47    | 7,701,438.47        |

**BOND DEBT SERVICE**

**City of Madera**  
**2021 Wastewater Revenue Refunding Bonds (CIEDB Loan) (Private Placement)**  
**BBVA Compass Proposal**

| <i>Period<br/>Ending</i> | <i>Principal</i> | <i>Coupon</i> | <i>Interest</i> | <i>Debt Service</i> | <i>Annual<br/>Debt Service</i> |
|--------------------------|------------------|---------------|-----------------|---------------------|--------------------------------|
| 08/01/2021               | 372,000          | 2.410%        | 77,121.07       | 449,121.07          |                                |
| 02/01/2022               |                  |               | 73,505.00       | 73,505.00           | 522,626.07                     |
| 08/01/2022               | 379,000          | 2.410%        | 73,505.00       | 452,505.00          |                                |
| 02/01/2023               |                  |               | 68,938.05       | 68,938.05           | 521,443.05                     |
| 08/01/2023               | 387,000          | 2.410%        | 68,938.05       | 455,938.05          |                                |
| 02/01/2024               |                  |               | 64,274.70       | 64,274.70           | 520,212.75                     |
| 08/01/2024               | 395,000          | 2.410%        | 64,274.70       | 459,274.70          |                                |
| 02/01/2025               |                  |               | 59,514.95       | 59,514.95           | 518,789.65                     |
| 08/01/2025               | 404,000          | 2.410%        | 59,514.95       | 463,514.95          |                                |
| 02/01/2026               |                  |               | 54,646.75       | 54,646.75           | 518,161.70                     |
| 08/01/2026               | 412,000          | 2.410%        | 54,646.75       | 466,646.75          |                                |
| 02/01/2027               |                  |               | 49,682.15       | 49,682.15           | 516,328.90                     |
| 08/01/2027               | 421,000          | 2.410%        | 49,682.15       | 470,682.15          |                                |
| 02/01/2028               |                  |               | 44,609.10       | 44,609.10           | 515,291.25                     |
| 08/01/2028               | 430,000          | 2.410%        | 44,609.10       | 474,609.10          |                                |
| 02/01/2029               |                  |               | 39,427.60       | 39,427.60           | 514,036.70                     |
| 08/01/2029               | 439,000          | 2.410%        | 39,427.60       | 478,427.60          |                                |
| 02/01/2030               |                  |               | 34,137.65       | 34,137.65           | 512,565.25                     |
| 08/01/2030               | 448,000          | 2.410%        | 34,137.65       | 482,137.65          |                                |
| 02/01/2031               |                  |               | 28,739.25       | 28,739.25           | 510,876.90                     |
| 08/01/2031               | 457,000          | 2.410%        | 28,739.25       | 485,739.25          |                                |
| 02/01/2032               |                  |               | 23,232.40       | 23,232.40           | 508,971.65                     |
| 08/01/2032               | 467,000          | 2.410%        | 23,232.40       | 490,232.40          |                                |
| 02/01/2033               |                  |               | 17,605.05       | 17,605.05           | 507,837.45                     |
| 08/01/2033               | 477,000          | 2.410%        | 17,605.05       | 494,605.05          |                                |
| 02/01/2034               |                  |               | 11,857.20       | 11,857.20           | 506,462.25                     |
| 08/01/2034               | 487,000          | 2.410%        | 11,857.20       | 498,857.20          |                                |
| 02/01/2035               |                  |               | 5,988.85        | 5,988.85            | 504,846.05                     |
| 08/01/2035               | 497,000          | 2.410%        | 5,988.85        | 502,988.85          |                                |
| 02/01/2036               |                  |               |                 |                     | 502,988.85                     |
|                          | 6,472,000        |               | 1,229,438.47    | 7,701,438.47        | 7,701,438.47                   |

**SAVINGS**

**City of Madera  
2021 Wastewater Revenue Refunding Bonds (CIEDB Loan) (Private Placement)  
BBVA Compass Proposal**

| <i>Date</i> | <i>Prior<br/>Debt Service</i> | <i>Refunding<br/>Debt Service</i> | <i>Savings</i> | <i>Annual<br/>Savings</i> | <i>Present Value<br/>to 02/03/2021<br/>@ 2.4100113%</i> |
|-------------|-------------------------------|-----------------------------------|----------------|---------------------------|---------------------------------------------------------|
| 08/01/2021  | 456,882.40                    | 449,121.07                        | 7,761.33       |                           | 7,669.94                                                |
| 02/01/2022  | 90,650.64                     | 73,505.00                         | 17,145.64      | 24,906.97                 | 16,742.01                                               |
| 08/01/2022  | 461,003.37                    | 452,505.00                        | 8,498.37       |                           | 8,199.50                                                |
| 02/01/2023  | 85,348.79                     | 68,938.05                         | 16,410.74      | 24,909.11                 | 15,645.09                                               |
| 08/01/2023  | 465,248.38                    | 455,938.05                        | 9,310.33       |                           | 8,770.27                                                |
| 02/01/2024  | 79,887.35                     | 64,274.70                         | 15,612.65      | 24,922.98                 | 14,531.90                                               |
| 08/01/2024  | 469,621.16                    | 459,274.70                        | 10,346.46      |                           | 9,515.59                                                |
| 02/01/2025  | 74,261.51                     | 59,514.95                         | 14,746.56      | 25,093.02                 | 13,400.86                                               |
| 08/01/2025  | 474,125.56                    | 463,514.95                        | 10,610.61      |                           | 9,527.53                                                |
| 02/01/2026  | 68,466.34                     | 54,646.75                         | 13,819.59      | 24,430.20                 | 12,261.20                                               |
| 08/01/2026  | 478,765.55                    | 466,646.75                        | 12,118.80      |                           | 10,624.18                                               |
| 02/01/2027  | 62,496.74                     | 49,682.15                         | 12,814.59      | 24,933.39                 | 11,100.40                                               |
| 08/01/2027  | 483,545.20                    | 470,682.15                        | 12,863.05      |                           | 11,009.71                                               |
| 02/01/2028  | 56,347.45                     | 44,609.10                         | 11,738.35      | 24,601.40                 | 9,927.43                                                |
| 08/01/2028  | 488,468.71                    | 474,609.10                        | 13,859.61      |                           | 11,581.88                                               |
| 02/01/2029  | 50,013.07                     | 39,427.60                         | 10,585.47      | 24,445.08                 | 8,740.50                                                |
| 08/01/2029  | 493,540.43                    | 478,427.60                        | 15,112.83      |                           | 12,330.19                                               |
| 02/01/2030  | 43,488.02                     | 34,137.65                         | 9,350.37       | 24,463.20                 | 7,537.91                                                |
| 08/01/2030  | 498,764.80                    | 482,137.65                        | 16,627.15      |                           | 13,244.57                                               |
| 02/01/2031  | 36,766.57                     | 28,739.25                         | 8,027.32       | 24,654.47                 | 6,318.13                                                |
| 08/01/2031  | 504,146.43                    | 485,739.25                        | 18,407.18      |                           | 14,315.39                                               |
| 02/01/2032  | 29,842.80                     | 23,232.40                         | 6,610.40       | 25,017.58                 | 5,079.74                                                |
| 08/01/2032  | 509,690.04                    | 490,232.40                        | 19,457.64      |                           | 14,774.14                                               |
| 02/01/2033  | 22,710.63                     | 17,605.05                         | 5,105.58       | 24,563.22                 | 3,830.50                                                |
| 08/01/2033  | 515,400.53                    | 494,605.05                        | 20,795.48      |                           | 15,416.19                                               |
| 02/01/2034  | 15,363.78                     | 11,857.20                         | 3,506.58       | 24,302.06                 | 2,568.56                                                |
| 08/01/2034  | 521,282.89                    | 498,857.20                        | 22,425.69      |                           | 16,231.17                                               |
| 02/01/2035  | 7,795.79                      | 5,988.85                          | 1,806.94       | 24,232.63                 | 1,292.25                                                |
| 08/01/2035  | 527,342.31                    | 502,988.85                        | 24,353.46      |                           | 17,209.20                                               |
| 02/01/2036  |                               |                                   |                | 24,353.46                 |                                                         |
|             | 8,071,267.24                  | 7,701,438.47                      | 369,828.77     | 369,828.77                | 309,395.89                                              |

**Savings Summary**

|                               |                   |
|-------------------------------|-------------------|
| PV of savings from cash flow  | 309,395.89        |
| Plus: Refunding funds on hand | 994.68            |
| Net PV Savings                | <u>310,390.57</u> |

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**SUMMARY OF REFUNDING RESULTS****City of Madera  
2021 Wastewater Revenue Refunding Bonds (CIEDB Loan) (Private Placement)  
BBVA Compass Proposal**

|                                            |              |
|--------------------------------------------|--------------|
| Dated Date                                 | 02/03/2021   |
| Delivery Date                              | 02/03/2021   |
| Arbitrage yield                            | 2.410011%    |
| Escrow yield                               | 0.000000%    |
| Value of Negative Arbitrage                |              |
| Bond Par Amount                            | 6,472,000.00 |
| True Interest Cost                         | 2.410011%    |
| Net Interest Cost                          | 2.410000%    |
| Average Coupon                             | 2.410000%    |
| Average Life                               | 7.882        |
| Par amount of refunded bonds               | 6,365,287.62 |
| Average coupon of refunded bonds           | 3.010000%    |
| Average life of refunded bonds             | 8.046        |
| PV of prior debt to 02/03/2021 @ 2.410011% | 6,781,395.89 |
| Net PV Savings                             | 310,390.57   |
| Percentage savings of refunded bonds       | 4.876301%    |
| Percentage savings of refunding bonds      | 4.795899%    |

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**RESOLUTION NO. \_\_\_\_\_**

**A RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF A LOAN AGREEMENT FOR REFUNDING OF AN INSTALLMENT SALE AGREEMENT; AND AUTHORIZING THE TAKING OF OTHER ACTIONS, AND THE DELIVERY OF OTHER DOCUMENTS, RELATED THERETO**

**WHEREAS**, to finance Wastewater System improvements, the City of Madera (the "City") entered into an Enterprise Fund Installment Sale Agreement (No. B05-066) with the California Infrastructure and Economic Development Bank in 2006, which is currently outstanding in the approximate amount of \$6,365,288 (the "CIEDB Loan"); and

**WHEREAS**, pursuant to the terms of the CIEDB Loan, the City may prepay the outstanding principal balance of the CIEDB Loan, in whole or in part, on any date, together with accrued interest thereon to the prepayment date, without premium; and

**WHEREAS**, at current market interest rates, the City can refinance the CIEDB Loan and in so doing, realize significant interest cost savings; and

**WHEREAS**, the City Council wishes at this time to authorize the entering into of a Loan Agreement (as herein defined) to provide funds to prepay amounts outstanding under the CIEDB Loan, the repayment of which is secured by a pledge of the Net Revenues of the Wastewater System; and

**WHEREAS**, the information required to be obtained and disclosed by this City Council pursuant to Section 5852.1 of the California Government Code with respect to the refinancing of the CIEDB Loan and entering into the Loan Agreement is set forth in the staff report accompanying this Resolution; and

**WHEREAS**, this City Council deems it for the benefit of the City and for the efficient and effective administration thereof to enter into the Loan Agreement, and the other documentation related to the refinancing of the CIEDB Loan on the terms and conditions therein provided;

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MADERA RESOLVES AS FOLLOWS:**

**Section 1. Approval of Documents.** The form of, and terms and provisions of the Loan Agreement (the "Loan Agreement") by and between the City and BBVA USA or a related entity is hereby approved in substantially the form on file with this City Council at this meeting, with such insertions, omissions and changes as shall be approved by the City Manager or his or her designee (each, an "Authorized Officer") , and the execution of the Loan Agreement shall be conclusive evidence of such approval; provided, that the maximum principal amount of the payments payable under the Loan Agreement shall not exceed \$6,500,000 and the interest rate attributable to the payments payable under the Loan Agreement shall not exceed 3.0% (except in the case of any increase to the interest rate due to a default or an event of taxability). Subject to the foregoing, each of the Authorized Officers, acting alone, is hereby authorized and directed to execute, and the City Clerk is hereby authorized and directed to attest, the Loan Agreement.

**Section 2. Other Actions Authorized.** Each of the Authorized Officers, acting alone, and each of the other officers and employees of the City shall take all action necessary or reasonably required to carry out, give effect to, and consummate the transactions contemplated by this Resolution (including the execution and delivery of certificates, disbursement requests, tax certificates and agreements, as contemplated in the Loan Agreement) and to take all action necessary in conformity therewith, including, without limitation, the execution and delivery of any closing and other documents required to be delivered in connection with the Loan Agreement. Whenever in this Resolution any officer of the City is authorized to execute or attest any document, or take any action, such execution, attestation or action may be taken on behalf of such officer by any person designated by such officer to act on his or her behalf in the case such officer shall be absent or unavailable.

**Section 3. Appointment of Authorized City Representatives.** Each of the Authorized Officers is hereby designated to act as an authorized representative of the City for purposes of the Loan Agreement, until such time as an Authorized Officer and/or this City Council shall designate any other or different authorized representative for purposes of the Loan Agreement and/or any related document.

**Section 4. Effectiveness.** This Resolution shall be effective immediately upon its approval and adoption.

\* \* \* \* \*

I hereby certify that the foregoing Resolution was duly adopted by the City Council of the City of Madera, California, at a regularly scheduled meeting thereof, held on the \_\_\_\_\_ day of \_\_\_\_\_, 2021, by the following vote of the City Council:

AYES: COUNCILMEMBERS  
NOES: COUNCILMEMBERS  
ABSENT: COUNCILMEMBERS  
ABSTAIN: COUNCILMEMBERS

\_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
City Clerk