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 employs 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, Mace Boulevard interchange improvements, 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 (e.g., streets, water & sewer lines, greenbelts, etc.).

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 has two COPs which currently use construction tax and Quimby Act (subdivision park in-lieu) fees to make such lease payments. One looming issue will be the repayment of these COPs if construction tax and Quimby Act fees are not adequate for the task in the future.

**Redevelopment Tax Allocation Bonds**
Redevelopment agencies (RDA) were created to be in debt. Through enabling legislation, RDA’s pledge future property tax increment growth to the repayment of debt, which is issued to finance projects aimed at the elimination of blight within the Redevelopment project area.

**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.
## DEBT SERVICE

| Department/Program          | Salaries & Benefits w/o Overtime | Salaries & Benefits | Overtime | Professional Services | Other Expenses | Program Total | General Fund | General Fund Fees & Charges | General Fund Grants/Designated Revenue | Total General Fund Support | Other Funds |
|----------------------------|----------------------------------|--------------------|----------|-----------------------|----------------|---------------|--------------|----------------|-----------------------------|-------------------------------|---------------------------|-------------|
| 8821 - ABAG Certificates   | 0                                | 0                  | 0        | 6,100                 | 210,369        | 216,469       | 0            | 0             | 0                          | 0                             | 216,469                   |             |
| 8822 - 1999 Public Finance Authority Bond | 0                                | 0                  | 0        | 5,000                 | 553,904        | 558,904       | 0            | 0             | 0                          | 0                             | 558,904                   |             |
| 8823 - 2003 Public Finance Authority Bond | 0                                | 0                  | 0        | 12,000                | 1,215,553      | 1,227,553     | 0            | 0             | 0                          | 0                             | 1,227,553                 |             |
| 8825 - 2007 CFD Mace Ranch I | 0                                | 0                  | 0        | 12,000                | 1,215,553      | 1,227,553     | 0            | 0             | 0                          | 0                             | 1,227,553                 |             |
| 8826 - 2007-2 Mace Ranch II | 0                                | 0                  | 0        | 5,000                 | 4,267          | 4,267         | 0            | 0             | 0                          | 0                             | 4,267                     |             |
| 8828 - 2009 PFFA Bond      | 0                                | 0                  | 0        | 10,000                | 368,847        | 378,847       | 0            | 0             | 0                          | 0                             | 378,847                   |             |
| 8832 - SRF Loan #1 C-08-6006-110 | 0                                | 0                  | 0        | 750                   | 295,335        | 296,085       | 0            | 0             | 0                          | 0                             | 296,085                   |             |
| 8833 - SRF Loan #2 C-06-4365-110 | 0                                | 0                  | 0        | 750                   | 693,137        | 693,887       | 0            | 0             | 0                          | 0                             | 693,887                   |             |
| 8834 - WWTP Expansion - LaSalie | 0                                | 0                  | 0        | 209,236               | 209,236        | 0             | 0            | 0             | 0                          | 0                             | 209,236                   |             |
| 8835 - Water Meter Retrofit Loan | 0                                | 0                  | 0        | 318,126               | 318,126        | 0             | 0            | 0             | 0                          | 0                             | 318,126                   |             |
| 8836 - Water Storage Tank Loan | 0                                | 0                  | 0        | 327,123               | 327,123        | 0             | 0            | 0             | 0                          | 0                             | 327,123                   |             |
| 8837 - WWTP Loan #008-00-0-000 | 0                                | 0                  | 0        | 40,120                | 40,120         | 0             | 0            | 0             | 0                          | 0                             | 40,120                    |             |
| 8838 - Cal I-Bank CIEDB -808-093 | 0                                | 0                  | 0        | 585,024               | 615,024        | 0             | 0            | 0             | 0                          | 0                             | 615,024                   |             |
| 8839 - Parking Assessment District #3 | 0                                | 0                  | 0        | 1,539                 | 1,539          | 0             | 0            | 0             | 0                          | 0                             | 1,539                     |             |
| 8840 - University Research Park Assmnt Dist | 0                                | 0                  | 0        | 1,900                 | 182,719        | 184,619       | 0            | 0             | 0                          | 0                             | 184,619                   |             |
| 8850 - Interfund Loan - Sewer Fund | 0                                | 0                  | 0        | 73,864                | 73,864         | 0             | 0            | 0             | 0                          | 0                             | 73,864                    |             |
| 8851 - Interfund Loan - Drainage Fund | 0                                | 0                  | 0        | 73,864                | 73,864         | 0             | 0            | 0             | 0                          | 0                             | 73,864                    |             |
| 8862 - Motorola Lease/Purchase | 0                                | 0                  | 0        | 205,659               | 205,659        | 0             | 0            | 0             | 0                          | 0                             | 205,659                   |             |
| **TOTAL DEBT SERVICE**     | 0                                | 0                  | 0        | 76,100                | 5,784,249      | 5,860,349     | 0            | 0             | 0                          | 0                             | 5,654,690                 |             |
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

**DEBT SERVICE**  
**FINAL BUDGET 2010-2011**  
**SUMMARY OF EXPENDITURES**

<table>
<thead>
<tr>
<th>Program</th>
<th>Name</th>
<th>2007-08 Actual</th>
<th>2008-09 Actual</th>
<th>2009-10 Budget</th>
<th>2010-11 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>8819</td>
<td>Community Facility District-Mace Ranch I</td>
<td>17,254,907</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>8820</td>
<td>Hunt-Boyer Certificate of Participation</td>
<td>38,325</td>
<td>183,380</td>
<td>-</td>
<td>-</td>
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<tr>
<td>8821</td>
<td>ABAG Certificates</td>
<td>211,688</td>
<td>209,199</td>
<td>211,798</td>
<td>216,460</td>
</tr>
<tr>
<td>8822</td>
<td>1999 Public Finance Authority Bond</td>
<td>562,143</td>
<td>562,725</td>
<td>562,743</td>
<td>4,267</td>
</tr>
<tr>
<td>8823</td>
<td>Community Facility District-Mace Ranch II</td>
<td>6,283,513</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>8824</td>
<td>2003 Public Finance Authority Bond</td>
<td>553,858</td>
<td>572,783</td>
<td>555,833</td>
<td>558,904</td>
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<tr>
<td>8825</td>
<td>2007 CFD Mace Ranch I</td>
<td>516,658</td>
<td>1,050,843</td>
<td>1,220,900</td>
<td>1,227,553</td>
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<tr>
<td>8826</td>
<td>CFD 2007-2 Mace Ranch II</td>
<td>457,791</td>
<td>347,809</td>
<td>375,193</td>
<td>378,847</td>
</tr>
<tr>
<td>8828</td>
<td>2009 PFFA Bond</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>433,570</td>
</tr>
<tr>
<td>8832</td>
<td>SRF Loan #1</td>
<td>293,852</td>
<td>293,852</td>
<td>293,852</td>
<td>296,085</td>
</tr>
<tr>
<td>8833</td>
<td>SRF Loan #2</td>
<td>690,637</td>
<td>690,637</td>
<td>690,636</td>
<td>695,887</td>
</tr>
<tr>
<td>8834</td>
<td>WWTP Expansion - LaSalle</td>
<td>207,658</td>
<td>207,658</td>
<td>207,658</td>
<td>209,236</td>
</tr>
<tr>
<td>8835</td>
<td>Water Meter Retrofit</td>
<td>314,979</td>
<td>315,336</td>
<td>315,729</td>
<td>318,128</td>
</tr>
<tr>
<td>8836</td>
<td>Water Storage Tank</td>
<td>323,947</td>
<td>324,657</td>
<td>324,657</td>
<td>327,123</td>
</tr>
<tr>
<td>8837</td>
<td>Union Bank LOC</td>
<td>-</td>
<td>26,771</td>
<td>15,840</td>
<td>40,120</td>
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<tr>
<td>8838</td>
<td>Cal I-Bank CIEDB-B08-093</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>615,024</td>
</tr>
<tr>
<td>8841</td>
<td>County Healthy and Justice Building</td>
<td>61,690</td>
<td>30,968</td>
<td>-</td>
<td>-</td>
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<tr>
<td>8852</td>
<td>Parking Assessment District #3</td>
<td>204,936</td>
<td>203,948</td>
<td>202,448</td>
<td>1,539</td>
</tr>
<tr>
<td>8858</td>
<td>Univ. Research Park Assessment District</td>
<td>180,311</td>
<td>179,834</td>
<td>179,134</td>
<td>184,219</td>
</tr>
<tr>
<td>8860</td>
<td>Interfund Loan - Sewer Fund</td>
<td>86,419</td>
<td>73,699</td>
<td>75,659</td>
<td>73,864</td>
</tr>
<tr>
<td>8861</td>
<td>Interfund Loan - Drainage Fund</td>
<td>86,419</td>
<td>73,699</td>
<td>75,659</td>
<td>73,864</td>
</tr>
<tr>
<td>8862</td>
<td>Motorola Lease/Purchase</td>
<td>205,658</td>
<td>205,658</td>
<td>205,658</td>
<td>205,659</td>
</tr>
<tr>
<td>9191</td>
<td>RDA Interfund Loan</td>
<td>277,112</td>
<td>256,465</td>
<td>253,777</td>
<td>248,353</td>
</tr>
<tr>
<td>9192</td>
<td>RDA Debt Service</td>
<td>88,232</td>
<td>5,288</td>
<td>5,288</td>
<td>40</td>
</tr>
<tr>
<td>9194</td>
<td>2000 Tax Allocation Bond</td>
<td>12,990,549</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>9196</td>
<td>2003 Tax Allocation Bond</td>
<td>561,015</td>
<td>566,228</td>
<td>566,009</td>
<td>570,763</td>
</tr>
<tr>
<td>9197</td>
<td>2007 Tax Allocation Bond</td>
<td>784,208</td>
<td>800,075</td>
<td>809,500</td>
<td>816,929</td>
</tr>
<tr>
<td>9198</td>
<td>2007 Taxable Housing Bond</td>
<td>821,134</td>
<td>577,290</td>
<td>587,790</td>
<td>589,984</td>
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**TOTAL RESOURCES REQUIRED**  
44,057,639  
7,758,410  
7,735,761  
8,086,418
<table>
<thead>
<tr>
<th>Program</th>
<th>Name</th>
<th>Outstanding Principal</th>
<th>Type</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 Certificates of Participation 1,620,000</td>
<td>210,380</td>
<td>2016</td>
<td>6.500%</td>
<td>4/7/2005</td>
<td>100</td>
<td></td>
<td></td>
<td>Construction &amp; Quinby 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 4,777,500</td>
<td>549,689</td>
<td>2015</td>
<td>5.000%</td>
<td>9/1/2015</td>
<td>102</td>
<td></td>
<td></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 14,115,000</td>
<td>1,220,400</td>
<td>2025</td>
<td>5.000%</td>
<td>9/1/2015</td>
<td>102</td>
<td></td>
<td></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 Mello-Roos 5,510,000</td>
<td>365,995</td>
<td>2037</td>
<td>5.250%</td>
<td>9/1/2015</td>
<td>102</td>
<td></td>
<td></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 revenue bonds -- Series 2009 9,750,000</td>
<td>418,208</td>
<td>2029</td>
<td>5.000%</td>
<td>9/1/2019</td>
<td>102</td>
<td></td>
<td></td>
<td>Mello Roos special taxes</td>
<td>Refunding of Series 1999 local agency revenue bonds</td>
</tr>
<tr>
<td>8832</td>
<td>State Revolving Fund Loan 2,839,287</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></td>
<td>Wetlands acquisition and construction</td>
<td></td>
</tr>
<tr>
<td>8833</td>
<td>Wastewater treatment plant expansion loan Loan 8,709,166</td>
<td>690,637</td>
<td>2019</td>
<td>2.600%</td>
<td>NA</td>
<td>NA</td>
<td>Sewer funds</td>
<td></td>
<td>Expansion and upgrade of wastewater treatment plant</td>
<td></td>
</tr>
<tr>
<td>8834</td>
<td>Installment sale with La Salle National Bank Loan 1,960,594</td>
<td>207,658</td>
<td>2019</td>
<td>5.500%</td>
<td>NA</td>
<td>NA</td>
<td>Sewer funds</td>
<td></td>
<td>Design &amp; engineering for wastewater treatment plant expansion project</td>
<td></td>
</tr>
<tr>
<td>8835</td>
<td>Water meter retrofit loan Loan 1,876,739</td>
<td>314,978</td>
<td>2011</td>
<td>2.500%</td>
<td>NA</td>
<td>NA</td>
<td>Water fund surcharge</td>
<td></td>
<td>Installation of water meters citywide</td>
<td></td>
</tr>
<tr>
<td>8836</td>
<td>Water storage tank loan Loan 4,733,398</td>
<td>323,906</td>
<td>2024</td>
<td>2.600%</td>
<td>NA</td>
<td>NA</td>
<td>Water fund surcharge</td>
<td></td>
<td>Construction of Water Storage Tank</td>
<td></td>
</tr>
<tr>
<td>8837</td>
<td>Union Bank of CA Line of Credit 15,000,000</td>
<td>40,000</td>
<td>2011</td>
<td>variable</td>
<td>NA</td>
<td>NA</td>
<td>Sewer funds</td>
<td></td>
<td>To provide interim financing for the engineering design phase of the secondary grade to the wastewater treatment plant</td>
<td></td>
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<tr>
<td>8838</td>
<td>State of CA Infrastructure (l-bank) Loan 10,000,000</td>
<td>585,024</td>
<td>2038</td>
<td>4.00%</td>
<td>NA</td>
<td>NA</td>
<td>Water fund</td>
<td></td>
<td>Water storage tank</td>
<td></td>
</tr>
<tr>
<td>8852</td>
<td>Parking Assessment District #3 Assessmnt District 670,000</td>
<td>0</td>
<td>2009</td>
<td>6.100%</td>
<td>9/2/2005</td>
<td>103</td>
<td>Property owner assessmnts</td>
<td></td>
<td>Construction of F Street parking garage</td>
<td></td>
</tr>
<tr>
<td>8858</td>
<td>University Research Park Assessment District 1,680,000</td>
<td>181,358</td>
<td>2017</td>
<td>6.400%</td>
<td>9/2/2005</td>
<td>103</td>
<td>Property owner assessmnts</td>
<td></td>
<td>University Research Park subdivision infrastructure</td>
<td></td>
</tr>
<tr>
<td>8862</td>
<td>Motorola Lease/Purchase Loan 1,200,000</td>
<td>205,659</td>
<td>2011</td>
<td>5.000%</td>
<td>NA</td>
<td>NA</td>
<td>General Fund</td>
<td></td>
<td>Acquision of Public Safety Radio Tower</td>
<td></td>
</tr>
<tr>
<td>9196</td>
<td>Redevelopment Agency for the City of Davis 2003 Tax Allocation refunding bonds Redevelopment tax allocation bond 9,165,000</td>
<td>618,370</td>
<td>2033</td>
<td>5.000%</td>
<td>9/1/2011</td>
<td>102</td>
<td>RDA property tax increment</td>
<td></td>
<td>Refunding of Series 1994 tax allocation bonds</td>
<td></td>
</tr>
<tr>
<td>9197</td>
<td>Redevelopment Agency for the City of Davis 2007 Tax Allocation refunding bonds Redevelopment tax allocation refunding bond 12,140,000</td>
<td>800,800</td>
<td>2030</td>
<td>4.250%</td>
<td>9/1/2016</td>
<td>102</td>
<td>RDA property tax increment</td>
<td></td>
<td>Refunding of RDA Series 2000 tax allocation bonds</td>
<td></td>
</tr>
<tr>
<td>9198</td>
<td>Redevelopment Agency for the City of Davis 2007 Taxable Housing Bonds Redevelopment housing set-aside bond 8,675,000</td>
<td>576,053</td>
<td>2037</td>
<td>5.850%</td>
<td>9/1/2016</td>
<td>102</td>
<td>RDA housing set-aside</td>
<td></td>
<td>Increasing, improving, preserving the supply of low and moderate income housing</td>
<td></td>
</tr>
</tbody>
</table>