INFRASTRUCTURE STATE REVOLVING FUND PROGRAM
STAFF REPORT

Summary terms

Applicant:	City of Del Mar (City)
Project name:	Utility Undergrounding District (UUD) X1A (Crest Canyon) and UUD 1B (Stratford Court North) (Project)
Applicant eligibility category:	Public Development Facilities
Project eligibility category:	8. Power and Communications
Project location:	Utility Undergrounding Districts X1A and 1B
Financing amount:	Up to $11,000,000
Financing term:	10 (ten) years
Interest rate:	All-in interest rate of 3.18% (inclusive of 0.15% annual servicing fee).
Fees:	1% origination fee. To be paid by the borrower
Source of repayment:	General Fund
Security:	Senior leasehold interest in Powerhouse Community Center
Value-to-Loan %	180%
Applicant credit rating:	Unrated. (The City previously had high Investment Grade ratings on General Obligation bonds, which were paid off in 2014.)
ISRF funding source(s):	Equity Funds – Bond Anticipation Loan to be reimbursed by the next ISRF Bond proceeds
Applicant ISRF financing exposure:	Current IBank ISRF exposure to the City: • Wastewater Fund ISRF Loan #15-110: Balance: $2,130,241 • General Fund ISRF Loan #16-113: Balance: $13,073,771 Total aggregate ISRF exposure would be $26,204,011, or 4.86% of the ISRF portfolio (well below the ISRF Criteria limit of 20%).

Executive Summary

The City of Del Mar is a charter City incorporated in 1959 that borders the City of San Diego on the south and the City of Solana Beach on the north. The City is governed by a five-member City Council under the Council/Manager form of government. Currently, the City Council only has four of the Council seats filled and expects this to continue until 2026. With approximately 3,919 residents, it is primarily a residential community covering approximately 2.2 square miles and is known for its beautiful beaches. With strong residential property and tourism bases, Del Mar's largest source of revenue is its property tax, which has increased each year since 1995, followed by a Transient Occupancy Tax (TOT). While these revenues declined in the midst of the COVID-19 pandemic, they have since recovered strongly.

Project description and benefits

Del Mar is requesting an ISRF loan of up to $11 million to finance a portion of total project costs of nearly $30 million for two components—known as Utility Undergrounding District (UUD) X1A (Crest Canyon) and UUD1B (Stratford Court North)—of a larger citywide utility undergrounding project (see Exhibits #4 to #6). Other Project funding sources will come from the City's own resources, as well as participating utility companies, included SDG&E, AT&T, Spectrum, and Crown Castle. The table below shows the Sources and Uses for the entire Project. It is noted that while Utility companies are providing approximately 26% of the total project costs, ISRF loan proceeds will only be disbursed to the City in support of public, City-owned components of the Project.

Project Uses	Project Sources for City of Del Mar			
	IBank	City of Del Mar	Utility Companies - Crest Canyon	Total
Project Costs and Contingency - Crest Canyon	$10,775,000	$3,985,816	$5,535,055	$20,295,871
Project Costs and Contingency - Stratford Court North	$225,000	$4,033,631	$1,822,488	$6,081,119
Contingency/Inflation		$1,831,545	$191,361	$2,022,906
Origination Fee		$110,000		$110,000
Total	**$11,000,000**	**$9,960,992**	**$7,548,904**	**$28,509,896**

A 15% contingency has been built into the project budget, on top of which the City has added another 7% contingency to account for inflation. The City's General Fund has strong cash reserves of $25M as of FY 2024 to help mitigate any unforeseen cost overruns.

The Project will help fulfill the City's obligations for undergrounding per CPUC Rule 20B and Rule 32.A.2. It will also provide community benefits such as improving overall public safety by reducing fire risk in fire-critical areas, improving service reliability and reducing maintenance costs. During the construction period, the Project will create 40 jobs with an average wage of $45 per hour.

Financial and Repayment Analysis

Over the last five fiscal years, the City would have had sufficient cash flow to meet its General Fund contractual obligations, including the requested financing, every year since FY 2021. Cash flow was negative in FY 2020 due to the revenue impact of the pandemic, plus unusually large capital outlays and transfers out (also for capital projects). Since then, revenues have steadily increased, and the City has posted large operating surpluses in each of the last four fiscal years. As illustrated in Exhibit #3, the City has strong economic and financial indicators, with a Median Household Income (MHI) over 200% of the US MHI, a current ratio of at least 8.0x over the last two years, and growth of Days Cash from 147 days to 520 days over the five-year period.

Lease Payment and Fund Balance Analysis					
	2020	2021	2022	2023	2024
Excess (Deficiency) of Revenues Over (Under) Expenditures	$1,322,522	$6,087,578	$7,968,610	$8,683,172	$8,465,460
Adjustments Specific to the Transactions					
Principal	$28,734	$0	$100,887	$129,572	$169,013
Interest	$421	$0	$10,551	$10,328	$20,067
Transfers in	$86,613	$101,850	$319,218	$166,847	$192,923
Transfers out	($3,381,864)	($1,975,973)	($3,273,801)	($4,351,439)	($5,233,157)
Total Adjustments	($3,266,096)	($1,874,123)	($2,843,145)	($4,044,692)	($4,851,154)
Excess (Deficiency) of Revenues after Adjustments	($1,943,574)	$4,213,455	$5,125,465	$4,638,480	$3,614,306
Proposed ISRF Lease Payment *	$1,293,494	$1,293,494	$1,293,494	$1,293,494	$1,293,494
Other MADS General Fund Obligations	$1,193,528	$1,193,528	$1,193,528	$1,193,528	$1,193,528
Revised Net Change in Funds Balance with ISRF Lease Payment	($4,430,595)	$1,726,434	$2,638,444	$2,151,459	$1,127,285

** Calculated at $11,000,000 at an all-in rate of 3.18% (including a 0.15% annual servicing fee) for a term of 10 years.*

Loan Security
The security of the loan is a general fund lease of the asset described in the following. The City is offering the 4,149 sq. ft. Powerhouse Community Center (see Exhibit #7) as the unencumbered leased asset for this financing request. Based on a review of comparable properties in Del Mar and the surrounding area, IBank staff has estimated a value for the community center of approximately $19.8M, creating a 'value-to-loan' estimate of 180%; a fair market rent estimate of $1.4M is also consistent with the annual lease payment for the financing. The Powerhouse Community Center is the only community center in the City, and with beautiful oceanfront views, it is in constant demand for weddings, banquets and corporate functions.

Risks and mitigants
Risk: The City is not prohibited from incurring additional capital financing under its General Fund.
Mitigants:

- Each fiscal year, Borrower must budget and appropriate funds to make annual lease payments for the Leased Asset.
- The Leased Asset must not be the subject of any material encumbrance, litigation or controversy. Borrower must also provide title insurance and meet standard insurance requirements.
- Lease payments are an operating expense of the City to be paid before debt service if bonds are issued in the future to fund capital projects
- The City's existing ISRF General Fund financing has been paid-as-agreed since it closed in 2016, as has its 2015 wastewater enterprise loan.

Compliance with IBank Criteria, Priorities, and Guidelines
The application and the proposed financing are in accordance with IBank Criteria, Priorities and Guidelines (ISRF Criteria) except for the following requested waivers:

ISRF Criteria Waivers
The City seeks an IBank Board waiver of the Criteria requirement to complete construction within 24 months of the close of the ISRF financing. The City expects the construction to be completed within that time frame but has requested an additional 12 months for a total of 36 months to provide a cushion in the case of unforeseen delays and events.

Staff Recommendation
Staff recommends approval of Resolution No. 25-11 authorizing ISRF Program Financing in an amount not to exceed $11,000,000 to the City of Del Mar for the Utility Undergrounding District (UUD) X1A (Crest Canyon) and UUD 1B (Stratford Court North) projects.

IBank Staff:	Lydia Workman and Lina Moeller
Date of Staff Report:	July 14, 2025
Date of Board Meeting:	July 23, 2025
Resolution Number:	25-11

Borrower background

Borrower description

The City of Del Mar is a charter City incorporated in 1959 that borders the City of San Diego on the south and the City of Solana Beach on the north. With approximately 3,919 residents, it is primarily a residential community covering approximately 2.2 square miles and is known for its beautiful beaches. The full-service City is governed by a five-member City Council under the Council/Manager form of government. The City Council is elected at large with staggered four-year terms and the positions of Mayor and Deputy Mayor rotate amongst Council members annually. Currently, the City Council only has four of the Council seats filled and expects this to continue until 2026. The City's largest source of revenue is its property tax base, which is very stable and has increased each year since 1995, due to the City's highly desirable location. Its next largest source of revenue, grounded in its strong tourism industry, is a Transient Occupancy Tax (TOT), followed by a 1% general sales tax (Measure Q).

The City is an eligible applicant under IBank's Criteria, Priorities and Guidelines for the ISRF Program. This financing request will be the third ISRF financing the City has with IBank. The two outstanding loans have been paid as agreed. The City is not currently rated but was issued a AA rating by Standard & Poor's (later upgraded to AAA) and Aa3 by Moody's on General Obligation Bonds issued in 1999 and repaid in 2014.

Local economy

As the San Diego region continues to develop, Del Mar has become increasingly desirable place to live, as reflected in its steadily increasing property values. The real estate market in Del Mar did not experience the downturns that the inland areas suffered in periods of economic decline in recent years. This is reflected in the City's Full Value per Capita which has increased steadily over the last five years (by a total of 28%), and now stands at over $1.3M (see Exhibit #3).

Del Mar is a popular destination for both local visitors and vacationing travelers. Eight of the City's top ten employers are restaurants. During peak tourist season, the Del Mar Thoroughbred Club is the top employer at 19%, however there is significant seasonality to these activities.

Top Ten Employers		
Employer	**No. of Employees**	**% of Employees in the City**
Del Mar Thoroughbred Club	750	19.14%
L'Auberge Del Mar Resort Spa	166	4.24%
Jake's Del Mar	119	3.04%
Monarch Ocean Pub	111	2.83%
Brigantine Seafood Restaurant	100	2.55%
Poseidon Restaurant	84	2.14%
Pacifica Del Mar	75	1.91%
Il Fornaio	70	1.79%
Sbicca An American Bistro	55	1.40%
Tamarindo	25	0.64%
Total	1,555	39.68%

Source: 2024 ACFR

The City is also the home of the 22nd District Agricultural Association (DAA), which manages and operates the Del Mar Fairgrounds and is home to the Del Mar Thoroughbred Club and San Diego County Fair. It has a significant presence in the City, encompassing approximately one-fifth of the City's area. The 22nd DAA is a State of California agency and is managed by a board of directors appointed by the Governor. The DAA and the racetrack do not pay property taxes to the City. DAA is also an ISRF program borrower in good standing.

Existing IBank Exposure and Relationship

This will be the City's third ISRF financing. The two outstanding loans appear below:

Total Current ISRF Obligations for the City of Del Mar					
Debt Issued	**Date Issued**	**Maturity**	**Amount Issued**	**Outstanding Balance ($)**	**Fund**
ISRF 15-110	10/1/15	6/30/44	$3,535,354	$2,130,241	Wastewater
ISRF 16-113	6/1/16	8/1/45	$16,161,000	$13,073,771	General
	Total		$19,696,354	**$15,204,012**	

The existing loans have been paid as agreed. When the two outstanding loans are combined with the current financing request, Del Mar would account for 4.86% of the ISRF loan portfolio. While this would make it the fifth highest concentration, it would still fall well within the limits defined in the ISRF Criteria, of 20% global borrower exposure and 15% payable from the same revenue source. Staff feel the risk is sufficiently mitigated by the City's strong financial profile and its successful track record of effective debt management.

<u>Project background</u>

Project description

Del Mar is requesting an ISRF financing of up to $11M to fund a portion of larger utility line undergrounding project. The funds will be applied to the Undergrounding Utility District (UUD) X1A (Crest Canyon) and UUD 1B (Stratford Court North), two districts within the larger project designed to remove existing utility poles and replace overhead cables for electricity and telecommunications with underground lines (see Exhibit #4). The project is eligible under the Public Development Facilities, Category #8 (Power and Communications) under the ISRF Criteria.

Project Uses	Project Sources for City of Del Mar			
	IBank	City of Del Mar	Utility Companies - Crest Canyon	Total
Project Costs and Contingency - Crest Canyon	$10,775,000	$3,985,816	$5,535,055	$20,295,871
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Total	**$11,000,000**	**$9,960,992**	**$7,548,904**	**$28,509,896**

The City, utility companies and private property owners will share the cost of undergrounding the utility lines, but loan proceeds will only be used to fund a portion of the City's construction costs, for City-owned assets. The utility company costs are as follows:

- SDG&E's per CPUC Rule 20B: overhead removals and providing the City an overhead equivalent credit which is a financial offset or allowance provided by the utility company to help cover costs.
- AT&T's per CPUC Rule 32.A.2: cable & connections, cutovers, and overhead removals.
- Spectrum/Charter: cable & connections, cutovers, and overhead removals.

Utilities on private property will be required to be undergrounded as well, at the cost of the property owner. While the land where the utility undergrounding is owned by the City, the utility companies will provide the operations and maintenance of the infrastructure after completion as specified under franchise agreements.

The City has built in a 15% construction contingency, on top of which it had added an additional 7% contingency to account for inflation. With approximately $25M in cash and investments and $6.8M in unassigned fund balances at the end of FY 2024, the City appears to be in a good position to cover any cost over runs.

Per the CIP and timeline provided by the City, construction is expected to be completed by August of 2027. UUD X1A (Crest Canyon) construction is estimated to be completed by April 2027 and UUD IB (Stratford Court North) is estimated to be completed by August 2027. However, the City is requesting a waiver of the construction period from 24 months to 36 months to cover any delays.

While the City has estimated a useful life for the project of 29 years, it has only requested a 10-year loan. (The City may ultimately need a loan for somewhat less than $11M, though the City Council has approved up to this amount.)

Project benefits

The Project will help fulfill the City's obligations for undergrounding per CPUC Rule 20B and Rule 32.A.2. Another primary benefit to the city will be to reduce or eliminate the fire risks currently related to above-ground utilities; the Project will also improve access for emergency vehicles. Secondary community benefits include improving service reliability and reduced maintenance needs.

Loan source of repayment and security

The City will repay this financing from its General Fund. Specifically, the City has mandated that the Project will be paid for in part by Measure Q funds, which flow into the General Fund. In November 2016, Del Mar voters approved Measure Q as a one percent (1%) general sales tax. Though no specific projects or uses were designated as part of Measure Q, the City Council subsequently approved a resolution to dedicate Measure Q funds to community reinvestment and infrastructure type projects, which include the Utility Undergrounding Program.

The City is proposing the Powerhouse Community Center (PHCC) as the leased asset to secure this financing. The PHCC is located at 1658 Coast Boulevard, Del Mar, CA. It is a 4,149 square foot facility, built in 1928, with a park on the coast of Del Mar (see Exhibit #7). The City purchased the property in 1983 and completed a major renovation in 1999. PHCC is regularly in demand for weddings, banquets and corporate functions due to its highly desirable location. The City stated that the useful remaining life of the Leased

Asset is greater than the term of the loan. There is no capitalized interest for this loan because the leased asset can still be used during the construction period.

Due to the uniqueness of the property, IBank staff used a conservative approach to determine the value of the leased asset. The City provided an insured value of the improvements of $2,052,070 for the structure. The 3.54 acres of land value was estimated at $17,781,112 based on comparables within the City of Delmar and nearby areas. The Valuation of the Proposed Leased Asset for the City of Del Mar is $19,833,182 and reflects sufficient value with a Value-to-Lease of 180%.

Name of Asset	Address	Year Built	Building Size in Square Feet (SF)	Construction	Structure Value	Land Value	Estimate of Value
Powerhouse Community Center	1658 Coast Blvd., Del Mar, CA - APN-	1928	4,149	Stucco, WD, Masonry	$ 2,052,070	17,781,112	$19,833,182
						Total Value	$19,833,182
						Loan Amount	$11,000,000
						Value-to-loan	180.30%
						125% of Loan Amount	$13,750,000

IBank staff also determined Fair Rental Value, analyzing separately the building lease values and the land lease values. Based on three comparable building lease values and four land leases, staff estimated a total lease payment of $1,431,218. Our proposed lease payment would be $1,293,494, lower than the fair rental value, meaning the proposed asset would be eligible as a source of security for IBank's financing.

Staff received and reviewed a preliminary title report (Prelim) for the Leased Asset. Exceptions are customary, reasonable, and acceptable to IBank.

Credit analysis

Borrower General Fund financial statements, as presented in the Annual Comprehensive Financial Reports (ACFRs), are presented for fiscal years (FY) 2019 through 2024 in Exhibits #1 and #2. As the borrower's main operating fund, the General Fund statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the year.

In reviewing the financial statements, it is apparent the City is in good standing to take on added debt. The City's property tax is well supported by a median household income (MHI) of over 200% of the US MHI. and full value per capita which surpassed $1,000,000 in 2021 and has been steadily growing since then (see Exhibit #3).

Balance sheet

- The Balance Sheet reflects strong growth, with total assets increasing 225% over the five-year period vs. just 35% for total liabilities (see Exhibit #1). Total fund balances also increased 280% over the same period, primarily due to the growth in revenues.
- The liquidity of the city is also strong with a current ratio of over 3.0x for all years, and at least 8.0x the last two years. Days Cash increased steadily from 147 days to 520 days over the five-year period (see Exhibit #3).
- Taxes revenue began to recover from FY 2020 to 2021 as the City emerged from the COVID-19 pandemic, then maintained steady increases until FY 2024.

- Accounts, net showed a 408% increase in FY 2021 that was related to a one-time self-insurance retention reimbursement of approximately $3.6M, which was later received.
- In FY 2022, total liabilities increased because the city received $520K of the first Coronavirus State and Local Fiscal Recovery Funds payment that was not used during the same year (Unearned Revenue). In FY 2023, the City received the second payment but also used approximately $870K of the funds to buy a fire engine. The remaining funds in the account are expected to be used in FY 2026.
- The City takes a conservative approach to funding its CIP plans, creating a CIP reserve from excess revenues, which stood at $650,000 in FY24. The City also targets a 25% (or 90-day) General Fund Contingency Reserve; the GFC Reserve stood at 38% (140 days) in FY24.

Statement of Revenues, Expenditures, and Changes in Fund Balances

- The City's income statement reflects a cumulative 37% increase in Total Revenues over the last five years, while Total Expenditures have increased by less than 1% (see Exhibit #2) showing sound fiscal management. The City is well positioned to cover all their operating expenses with a growing cushion to cover any unforeseen events.
- Operating margins have been over 30% in each of the last four years, and Fund Balances as a percentage of Operating Revenue averaged 73% over the last four years, and over 91% in the most recent year (see Exhibit #3).
- This city did experience a large decrease in tax revenue in FY 2020 and 2021, during the COVID-19 pandemic recovery. Tax revenue rebounded in FY 2022, due to the recovery of TOT and sales taxes post pandemic; property tax revenue also grew due to increased valuations and new construction.
- Intergovernmental revenues were steady except for FY 2023, due to the receipt of $871K of Coronavirus relief funds (SLFRF) and a $225K Housing Assistance Program (HAP) grant.
- In FY 2022 Use of Money and Property was recategorized to Investment Income (loss). Increase from FY 2022 to 2024 is attributed to the City investing more in US Treasuries because the market rate increased from 1.95% in FY 2022 to 4.23% in FY 2024.
- The City strives to keep expenditures low, as evidenced by their low growth from FY 2020 to 2024. The Capital Outlay can vary year to year based on CIP projects taken on. In FY 2021, Capital outlay decreased by 93% because the City had completed a large downtown roadway & sidewalks improvement project totaling over $2.6M.
- In FY 2021, there was no Principal Debt Service entry because the City implemented GASB 87, which required the City to recognize lease assets and liabilities on their balance sheet. The majority portion of the lease is related to the fire station lease (leased by the City), listed in the General Fund Obligations table in the repayment analysis section below. Lease income is primarily from wireless cell towers and non-cancellable long-term land leases
- Transfers In are from the Nonmajor Governmental Funds to fund current and future capital improvement projects.
- Transfers Out are to cover costs related to continued roadway and sidewalk improvements in the CIP Fund, and to fund projects in the Nonmajor Governmental Fund and Nonmajor Enterprise Fund Clear Water Fund.

Repayment analysis

Based on the last five fiscal years, the City would have had sufficient cash flow to meet its General Fund contractual obligations, including the proposed ISRF financing, every year since FY 2021. The only year the City would not have had sufficient cash flow was FY 2020, due to the tax revenue impact of the pandemic, combined with a large Capital outlay of $3M, as well as a $3.4M Transfer Out to complete a large downtown roadway & sidewalks improvement project. However, with steady revenue growth since FY22 and continued strong financial management, the City would have comfortably met its General Fund obligations in all of the ensuing years.

Lease Payment and Fund Balance Analysis					
	2020	2021	2022	2023	2024
Excess (Deficiency) of Revenues Over (Under) Expenditures	$1,322,522	$6,087,578	$7,968,610	$8,683,172	$8,465,460
Adjustments Specific to the Transactions					
Principal	$28,734	$0	$100,887	$129,572	$169,013
Interest	$421	$0	$10,551	$10,328	$20,067
Transfers in	$86,613	$101,850	$319,218	$166,847	$192,923
Transfers out	($3,381,864)	($1,975,973)	($3,273,801)	($4,351,439)	($5,233,157)
Total Adjustments	($3,266,096)	($1,874,123)	($2,843,145)	($4,044,692)	($4,851,154)
Excess (Deficiency) of Revenues after Adjustments	($1,943,574)	$4,213,455	$5,125,465	$4,638,480	$3,614,306
Proposed ISRF Lease Payment *	$1,293,494	$1,293,494	$1,293,494	$1,293,494	$1,293,494
Other MADS General Fund Obligations	$1,193,528	$1,193,528	$1,193,528	$1,193,528	$1,193,528
Revised Net Change in Funds Balance with ISRF Lease Payment	($4,430,595)	$1,726,434	$2,638,444	$2,151,459	$1,127,285

**** Calculated at $11,000,000 at an all-in rate of 3.18% (including a 0.15% annual servicing fee) for a term of 10 years.***

Below is the debt paid by the General Fund. All debts are paid as agreed. Capital lease payments + debt service do not exceed 15% of General Fund revenues as required per ISRF program guidelines and criteria.

General Fund Obligations for the City of Del Mar				
Debt Issues	**Date Issued**	**Maturity**	**Amount Issued**	**General Fund Portion Outstanding Balance ($)**
SANDAG	9/10/14	6/30/44	$3,000,000	$2,517,500
IBank 16-113	6/1/16	8/1/45	$16,161,000	$13,073,771
County of San Diego	8/25/16	6/30/26	$435,436	$96,927
Fire Station Lease (Non-cancelable)	7/1/00	12/31/33	N/A	$480,901
		Total	$19,596,436	$16,169,099

City of Del Mar Total Revenue	**$26,000,631**
15% of City of Del Mar Total Revenue	**$3,900,095**
Total Annual Payments	**$2,487,021**
% of City of Del Mar Total Revenue	**9.57%**

GENERAL FUND – RECOMMENDED TERMS AND CONDITIONS

Staff Recommendation

Staff recommends approval of Resolution No. 25-11 authorizing ISRF Program financing to the **City of Del Mar** for the **Utility Undergrounding District (UUD) X1A (Crest Canyon) and UUD 1B (Stratford Court North),** subject to the following key terms and conditions:

1. **Applicant/Borrower:** City of Del Mar (Borrower)
2. **Project Name:** Utility Undergrounding District (UUD) X1A (Crest Canyon) and UUD 1B (Stratford Court North) (Project)
3. **Amount of ISRF Program financing:** Not to exceed $11,000,000 (Tax-exempt Financing)
4. **Maturity:** Not to exceed 10 years. Financing may not be prepaid.
5. **Repayment/Leased Asset:** Annual lease payments according to the terms of the ISRF program financing lease agreement (Financing Agreement) between IBank and the Borrower for the property at 1658 Coast Blvd, Del Mar, CA 92014. Lease payments will be made from the Borrower's General Fund.
6. **Interest Rate:** All-in 3.18% (which includes annual servicing fee described in item 7 below). The rate will be locked as outlined in item 8 below.
7. **Fees:** Borrower to pay the origination fee of 1.00% ($110,000) of the Financing amount upon close of Financing, and an annual servicing fee of 0.15% of the outstanding balance.
8. **Rate Lock:** The interest rate in item 6 will be locked for a period of 90 calendar days after IBank Board (Board) approval of the ISRF financing (the Rate Lock Period). After the Rate Lock Period, and up until IBank's Financing commitment expires (as described in item 9 below), the interest rate may be reset at the discretion of IBank's Credit Committee.
9. **Limited Time:** Subject to the Board's approval of the Financing resolution, IBank's Financing commitment expires 180 calendar days from the date of its adoption. If the Borrower and IBank have not executed a Financing Agreement before the commitment expires, there can be no assurances that IBank will be able to grant the Financing to the Borrower or consider extending the commitment period.
10. **Not an Unconditional Commitment:** If the IBank Board (Board) approves the resolution authorizing the Financing request, the resolution shall not be construed as an unconditional commitment to finance the Project but rather is conditioned upon entry by IBank and the Borrower into a Financing Agreement (or Agreements), in form and substance satisfactory to IBank.
11. **ISRF Program Financing Agreement Covenants and Conditions**: The Financing Agreement shall include, among other things, the following covenants:
    a. Borrower to comply with the requirements of the ISRF Program Criteria and all applicable laws, regulations, and permitting requirements associated with public works projects.
    b. Leased Asset must not be the subject of any material encumbrance, litigation or controversy.
    c. Each fiscal year, Borrower must budget and appropriate funds sufficient to make annual lease payments for the Leased Asset.
    d. Borrower to procure ALTA title insurance policy for the Leased Asset.
    e. The Borrower shall meet standard insurance requirements with respect to property and casualty insurance, general liability insurance, worker's compensation, and builder's risk insurance.
    f. Borrower to procure and maintain rental interruption insurance for a period of at least six months beyond the time needed to reconstruct the Leased Asset.
    g. Borrower to covenant against future encumbrances against the Leased Asset.
    h. Any substitution or release of the Leased Asset must comply with the requirements of the Financing Agreement.

i. Borrower to provide to IBank annually, within 180 days of the end of each of the Borrower's fiscal years, a copy of its audited financial statements together with an annual certificate demonstrating compliance with the foregoing covenants, as well as any other information IBank may reasonably request from time to time.
j. No disbursements of the Financing will be allowed until the Borrower provides evidence satisfactory to IBank that all required Project funding sources are secured and available to fund the Project.
k. Such other covenants and conditions that IBank or its counsel may reasonably require.

Exhibit #1 Balance Sheet

CITY OF DEL MAR GENERAL FUND BALANCE SHEET										
For Fiscal Year Ending (FYE) June30	**2020**		**2021**		**2022**		**2023**		**2024**	
Source:	ACFR	%	ACFR	%	ACFR	%	ACFR	%	ACFR	%
Assets										
Cash and Investments	$7,062,448	80.4%	$7,358,656	56.8%	$16,748,590	83.0%	$20,289,921	84.1%	$24,995,233	87.5%
Recievables										
Taxes	$724,497	8.2%	$1,324,329	10.2%	$1,656,240	8.2%	$1,818,566	7.5%	$1,697,236	5.9%
Accrued Interest	$14,171	0.2%	$6,621	0.1%	$30,362	0.2%	$143,668	0.6%	$92,159	0.3%
Accounts, net	$787,528	9.0%	$4,007,697	31.0%	$371,684	1.8%	$315,785	1.3%	$314,379	1.1%
Due from other agencies	$128,802	1.5%	$128,144	1.0%	$22,047	0.1%	$52,749	0.2%	$56,986	0.2%
Leases					$1,314,799	6.5%	$1,468,318	6.1%	$1,377,605	4.8%
Due from other funds	$63,428	0.7%	$70,695	0.5%	$26,481	0.1%	$35,196	0.1%	$26,251	0.1%
Prepaid Items	$3,341	0.0%	$50,415	0.4%	$88	0.0%	$2,493	0.0%	$14,479	0.1%
Total Current Assets	**$8,784,215**	100.0%	**$12,946,557**	100.0%	**$20,170,291**	100.0%	**$24,126,696**	100.0%	**$28,574,328**	100.0%
Total Non-current Assets:	**$0**	0.0%	**$0**	0.0%	**$0**	0.0%	**$0**	0.0%	**$0**	0.0%
Total Assets	**$8,784,215**	**100.0%**	**$12,946,557**	**100.0%**	**$20,170,291**	**100.0%**	**$24,126,696**	**100.0%**	**$28,574,328**	**100.0%**
Liabilities										
Accounts payable and accrued liabilities	$1,827,707	20.8%	$1,715,064	13.2%	$2,091,560	10.4%	$1,813,285.00	7.5%	$2,319,304	8.1%
Deposits payable	$692,312	7.9%	$603,156	4.7%	$650,754	3.2%	$692,206	2.9%	$922,045	3.2%
Due to other agencies	$6,236	0.1%	$6,236	0.0%	$6,236	0.0%	$6,236	0.0%	$6,236	0.0%
Retention payable					$3,751	0.0%			$3,750	0.0%
Unearned Revenue					$520,654	2.6%	$166,532	0.7%	$166,700	
Total Liabilities	**$2,526,255**		**$2,324,456**		**$3,272,955**		**$2,678,259**		**$3,418,035**	
Deferred Inflows of Resources										
Unavailable Revenues			$150,686	1.2%	$112,633	0.6%	$28,121	0.1%	$41,506	0.1%
Leases					$1,299,261	6.4%	$1,436,294	6.0%	$1,323,928	4.6%
Total Deferred Inflows of Resources	**$0**	0.0%	**$150,686**	1.2%	**$1,411,894**	7.0%	**$1,464,415**	6.1%	**$1,365,434**	4.8%
Fund Balances										
Reserved for:										
Nonspendable	$3,341	0.0%	$50,415	0.4%	$88	0.0%	$2,493	0.0%	$14,479	0.1%
Assigned	$3,747,450	42.7%	$2,825,035	21.8%	$9,953,902	49.3%	$13,583,051	56.3%	$16,918,916	59.2%
Unassigned	$2,507,169	28.5%	$7,595,965	58.7%	$5,531,452	27.4%	$6,398,478	26.5%	$6,857,464	24.0%
Total fund balances	**$6,257,960**	71.2%	**$10,471,415**	80.9%	**$15,485,442**	76.8%	**$19,984,022**	82.8%	**$23,790,859**	83.3%
Total Liabilities, Deferred Inflow of Resources and fund balances	**$8,784,215**	**100.0%**	**$12,946,557**	**100.0%**	**$20,170,291**	**100.0%**	**$24,126,696**	**100.0%**	**$28,574,328**	**100.0%**

Exhibit #2 Statement of Revenues, Expenditures, and Changes in Fund Balances

CITY OF DEL MAR GENERAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES										
For Fiscal Year Ending (FYE) June30	2020	%	2021	%	2022	%	2023	%	2024	%
Source:	ACFR		ACFR		ACFR		ACFR		ACFR	
% Change Year-over-Year in Total Revenues		N/A		4.30%		12.34%		12.41%		1.27%
Revenues										
Taxes	$13,632,438	72.3%	$13,255,773	67.3%	$17,338,731	77.1%	$18,495,424	72.0%	$18,956,451	72.9%
Licenses, fees, and permits	$899,345	4.8%	$1,220,534	6.2%	$1,268,257	5.6%	$1,558,110	6.1%	$1,436,009	5.5%
Intergovernmental	$122,397	0.6%	$247,463	1.3%	$100,141	0.4%	$1,120,888	4.4%	$44,619	0.2%
Charges for services	$2,102,617	11.1%	$2,563,903	13.0%	$2,492,438	11.1%	$2,239,149	8.7%	$2,461,651	9.5%
Fines and forfeitures	$797,887	4.2%	$1,049,002	5.3%	$1,066,270	4.7%	$1,594,094	6.2%	$1,639,710	6.3%
Use of money and property	$372,326	2.0%	$219,220	1.1%						
Contributions	$17,680	0.1%	$214,996	1.1%	$43,719	0.2%	$3,660	0.0%	$16,993	0.1%
Other	$917,355	4.9%	$937,762	4.8%	$264,346	1.2%	$177,588	0.7%	$217,794	0.8%
Investment Income (Loss)					($90,411)	-0.4%	$481,551	1.9%	$1,227,404	4.7%
Total Revenues	**$18,862,045**	**100.0%**	**$19,708,653**	**####**	**$22,483,491**	**####**	**$25,670,464**	**####**	**$26,000,631**	**####**
Expenditures										
Current:										
General government	$7,300,774	38.7%	$6,029,236	30.6%	$6,019,989	26.8%	$7,497,298	29.2%	$7,527,604	29.0%
Public safety	$6,900,232	36.6%	$7,059,446	35.8%	$7,157,782	31.8%	$7,613,455	29.7%	$8,047,594	31.0%
Public works	$300,222	1.6%	$330,225	1.7%	$318,618	1.4%	$411,085	1.6%	$596,560	2.3%
Parks and recreation										
Capital Outlay	$3,009,140	16.0%	$202,168	1.0%	$907,054	4.0%	$1,325,554	5.2%	$1,174,333	4.5%
Debt Service										
Principal	$28,734	0.2%			$100,887	0.4%	$129,572	0.5%	$169,013	0.7%
Interest	$421	0.0%			$10,551	0.0%	$10,328	0.0%	$20,067	0.1%
Total Expenditures	**$17,539,523**	**93.0%**	**$13,621,075**	**69.1%**	**$14,514,881**	**64.6%**	**$16,987,292**	**66.2%**	**$17,535,171**	**67.4%**
Excess (Deficiency) of Revenues Over (Under) Expenditures	**$1,322,522**	7.0%	**$6,087,578**	30.9%	**$7,968,610**	35.4%	**$8,683,172**	33.8%	**$8,465,460**	32.6%
Other Financing Sources (Uses)										
Transfers in	$86,613		$101,850		$319,218		$166,847		$192,923	
Transfers out	($3,381,864)		($1,975,973)		($3,273,801)		($4,351,439)		($5,233,157)	
Lease Proceeds									$381,611	
Total Other Financing Sources (Uses)	**($3,295,251)**		**($1,874,123)**		**($2,954,583)**		**($4,184,592)**		**($4,658,623)**	
Net Change in Fund Balance	**($1,972,729)**		**$4,213,455**		**$5,014,027**		**$4,498,580**		**$3,806,837**	
Fund Balance, Beginning of Year	**$8,230,689**		**$6,257,960**		**$10,471,415**		**$15,485,442**		**$19,984,022**	
Fund Balance, End of Year	**$6,257,960**		**$10,471,415**		**$15,485,442**		**$19,984,022**		**$23,790,859**	

[1] Calculated as a percent of Total Revenues

Exhibit #3 Key Indicators Table

City of Del Mar					
Key Indicators	**2020**	**2021**	**2022**	**2023**	**2024**
Economy					
Median Family Income (as % of US Median)	203%	199%	239%	239%	Data Not Available
Unemployment rate (%)	3.1%	2.5%	1.1%	1.5%	1.7%
Full value per capita ($)	$987,989	$1,019,026	$1,198,444	$1,280,749	$1,357,509
Liquidity					
Cash Balances ($000)	$7,062	$7,359	$16,749	$20,290	$24,995
Current Ratio [1]	3.48	5.57	6.16	9.01	8.36
Days Cash on Hand [2]	147	197	421	436	520
Performance					
Operating Revenue ($000)	$18,862	$19,709	$22,483	$25,670	$26,001
Operating Margin [3]	7.0%	30.9%	35.4%	33.8%	32.6%
Fund Balances as % of Operating Revenue	33.2%	53.1%	68.9%	77.8%	91.5%
Leverage					
Fund balances ($000)	$6,258	$10,471	$15,485	$19,984	$23,791
Leverage Ratio [4]	0.4	0.2	0.2	0.1	0.1
Primary Government					
Governmental Activities (Outstanding Debt ($000))	$18,085	$18,055	$17,453	$16,859	$16,537
Governmental Activities Debt to full value (%)	0.4%	0.4%	0.4%	0.3%	0.3%
Net pension liability to full value	0.2%	0.2%	0.1%	0.2%	0.2%

[1] Current Assets ÷ Current Liabilities

*[2] (Unrestricted Cash * 365) ÷ Operating Expenses*

[3] Operating Income as % of Operating Revenues

[4] Total Liabilities ÷ Fund Balances

Exhibit #4 Citywide Utility Undergrounding Map

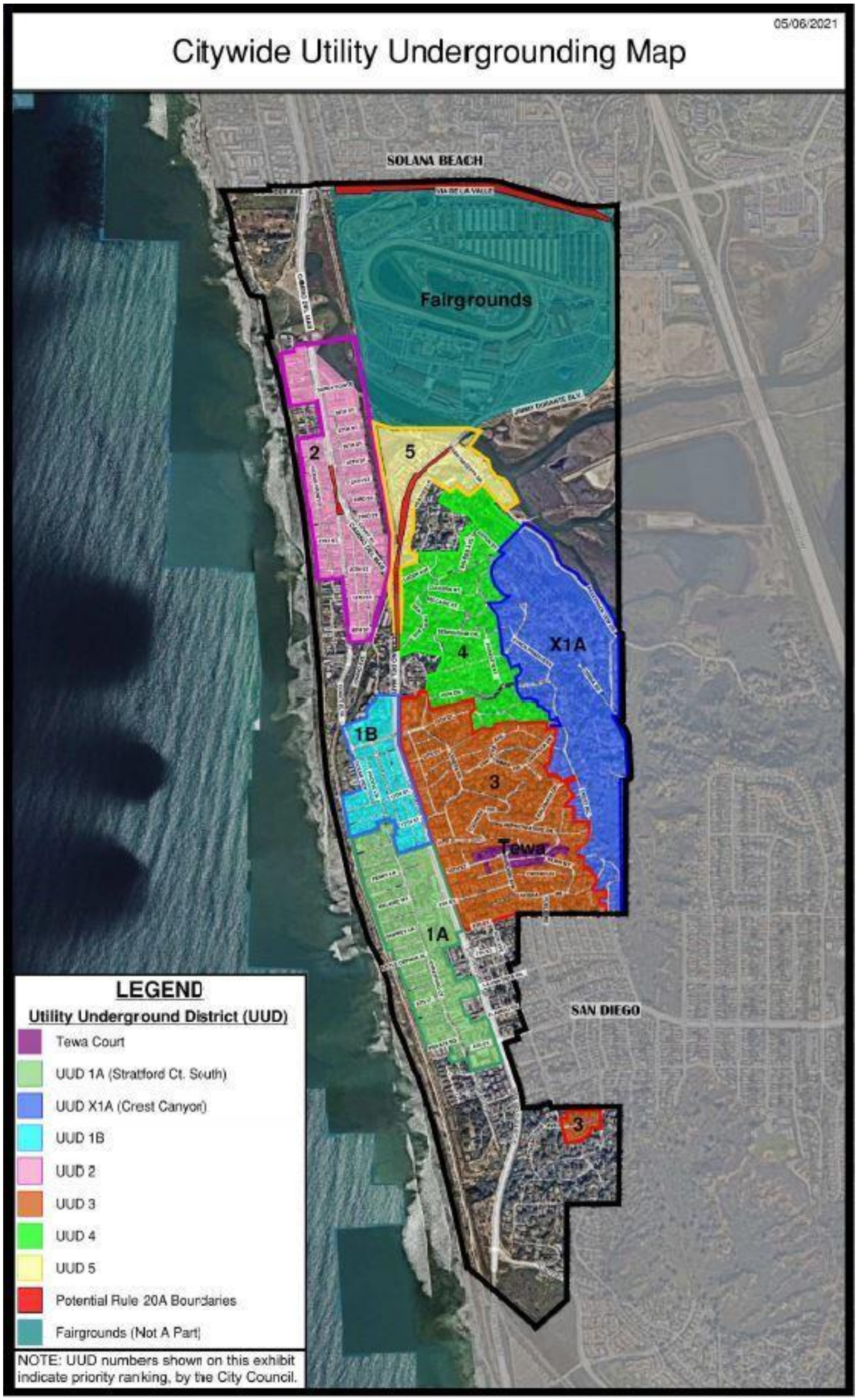

Exhibit #5 Map of Project Area – UUD X1A (Crest Canyon)

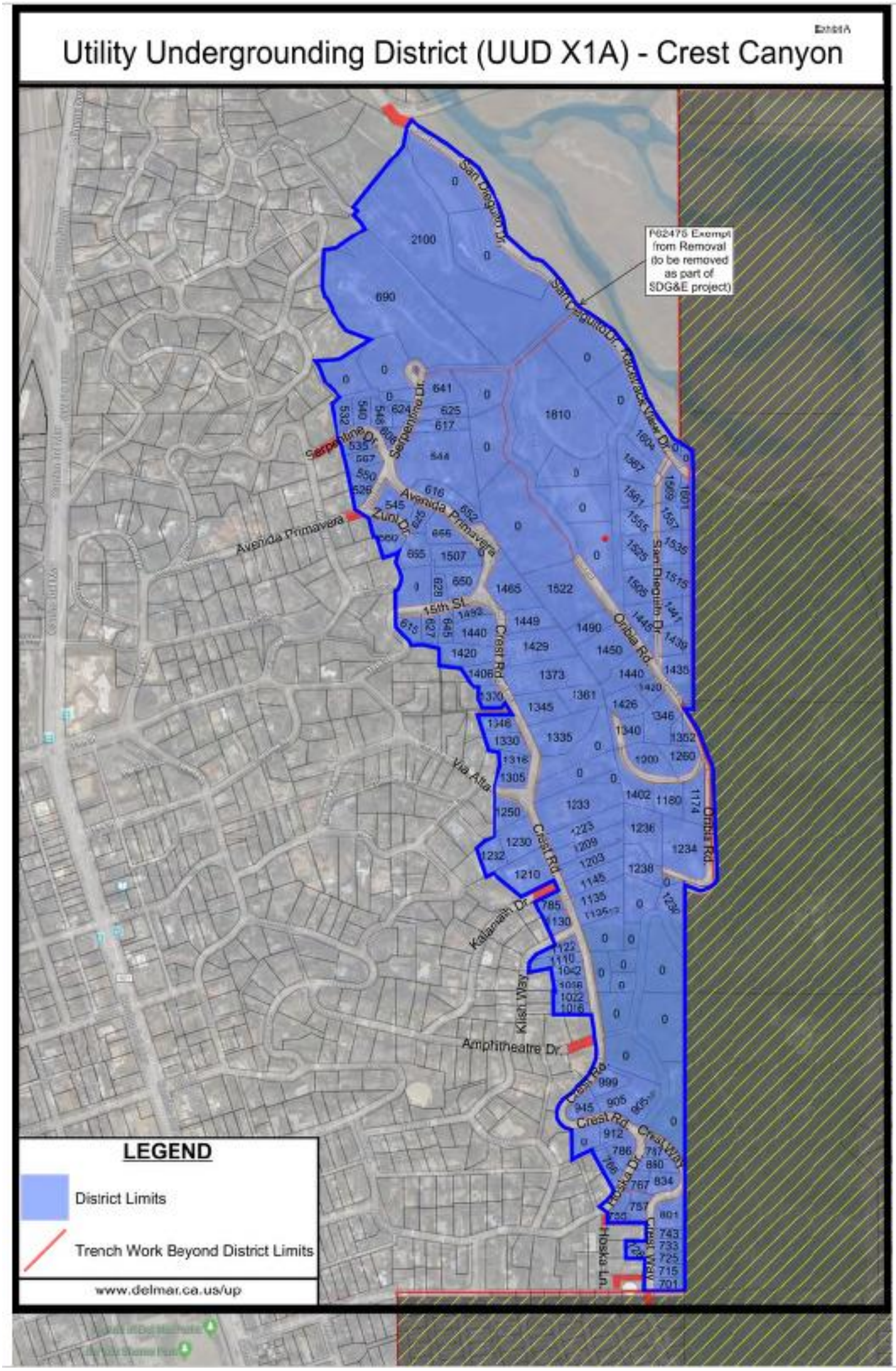

Exhibit #6 Map of Project Area – UUD 1B (Stratford Court North)

Exhibit #7 Proposed Leased Asset – Powerhouse Community Center