



MODESTO PUBLIC FINANCING AUTHORITY

www.modestogov.com

SPECIAL AGENDA

City of Modesto
**SPECIAL MODESTO PUBLIC
FINANCING AUTHORITY MEETING**

Tenth Street Place
Chambers, Basement Level
1010 10th Street
Modesto, California

Tuesday, May 26, 2020, 5:30 p.m.

Roll Call: Commissioners Ah You, Grewal, Kenoyer, Madrigal, Ridenour, Zoslocki,
Mayor Brandvold

PUBLIC COMMENT PERIOD Three minute time limit per speaker

Only interested persons in the audience may present these matters. Under State law, Commissioners may respond to matters being presented under this item only as follows:

- a. Briefly respond to statements made or questions raised.
- b. Ask a question for clarification.
- c. Provide a reference to staff or other resources for factual information.
- d. Request staff to report back at a subsequent meeting.
- e. Finally, a Commissioner or the Public Financing Authority itself may take action to direct staff to place a matter of business on a future agenda.

CONSENT ITEMS – ROLL CALL VOTE REQUIRED: Item A

Information concerning the consent items listed above has been forwarded to each Commissioner prior to this meeting for study. Unless some member of the audience or Commissioner has a question concerning an item and asks that it be withdrawn from the consent list, the Public Financing Authority approves the items at one time. The action taken by the Public Financing Authority in approving consent items is set forth in the explanation of this individual item.

Any and all of the following agenda items are subject to action by the Public

Financing Authority.

This Agenda is on file at the Modesto-Stanislaus Library Reference Room, 1500 I Street, Modesto, in the City Clerk's Office, Sixth Floor, 10th Street Place, and is available on the City's Web site at www.modestogov.com.

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the City Clerk (209) 577-5396. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting.

CONSENT ITEMS

An item may be removed from consent and discussed at the request of an audience member or Commissioner.

CONSENT

- A. Consider approval of the minutes of the May 7, 2019 Public Financing Authority meeting.
- Motion approving the minutes of the May 7, 2019 Public Finance Authority meeting.
Clerk; Stephanie Lopez, 577-5397, slopez@modestogov.com

NEW BUSINESS

- B. Consider approving a three-year extension of the irrevocable direct pay Letter of Credit (LOC) supporting the 2008 Water Refunding Revenue Certificates of Participation (Water Bonds), amending the fee agreement with JP Morgan, authorizing the distribution of a Supplemental Official Statement, and authorizing certain other related actions to complete the three-year extension to the Water Bonds LOC. (Funding Source: Water Fund)
- Resolution of the Modesto Public Financing Authority relating to Water Refunding Revenue Certificates of Participation, 2008 Series A; approving the form of and authorizing the distribution of a supplement to an official statement in connection therewith; and authorizing certain other related actions.
Finance; DeAnna Christensen, 577-5387, dachristensen@modestogov.com

MATTERS TOO LATE FOR THE AGENDA

These may be presented by members of the Public Financing Authority and staff upon determination by a majority vote that an emergency exists, as defined by State law, or by a 2/3 vote that (1) there is a need to take immediate action, and (2) that the need for action came to the City's attention after the agenda was posted.

ADJOURNMENT

Posted pursuant to Government Code Section 54956 on _____, 2020, at _____ by _____ on the bulletin board at Tenth Street Place.



MODESTO PUBLIC FINANCING AUTHORITY

www.modestogov.com

MINUTES

City of Modesto
**SPECIAL MODESTO PUBLIC
FINANCING AUTHORITY MEETING**

Tenth Street Place
Chambers, Basement Level
1010 10th Street
Modesto, California

Tuesday, May 7, 2019, 5:30 p.m.

Roll Call - Present: Commissioners Ah You, Grewal, Kenoyer, Madrigal, Ridenour, Zoslocki,
Chairperson Brandvold
Absent: None

PUBLIC COMMENT PERIOD
Three minute time limit per speaker

None.

CONSENT ITEMS – ROLL CALL VOTE REQUIRED: Item A

CONSENT ITEMS

An item may be removed from consent and discussed at the request of an audience member or Commissioner.

CONSENT

- A. Consider approval of the minutes of the June 6, 2017 Public Financing Authority meeting.
- Motion approving the minutes of the June 6, 2017 Public Finance Authority meeting.

Clerk; Stephanie Lopez, 577-5397, slopez@modestogov.com

ACTION: Motion (Kenoyer/Ah You; 7/0) approving the minutes of the June 6, 2017 Public Finance Authority meeting.

NEW BUSINESS

- B. Consider approving a Reimbursement Agreement among Bank of the West, the City of Modesto, and Modesto Public Financing Authority, and a related fee letter; a Supplement to an Official Statement; a Remarketing and Interest Services Agreement by and between Modesto Public Financing Authority and Raymond James & Associates, Inc. (Funding Source: General Fund, Redevelopment Successor Agency and Various Funds)
- Resolution of the Modesto Public Financing Authority relating to Modesto Public Financing Authority Lease Revenue Refunding Bonds Series 2008 approving a new credit facility and approving the form of and authorizing the execution and delivery of a reimbursement agreement, a fee letter agreement and a supplement to official statement; approving a new remarketing agent and the form of a new remarketing agent and interest services agreement and authorizing certain other related actions.

Finance; DeAnna Espinoza, 577-5387, daespinoza@modestogov.com

ACTION: Resolution 01-2019 (Grewal/Zoslocki; 7/0) of the Modesto Public Financing Authority relating to Modesto Public Financing Authority Lease Revenue Refunding Bonds Series 2008 approving a new credit facility and approving the form of and authorizing the execution and delivery of a reimbursement agreement, a fee letter agreement and a supplement to official statement; approving a new remarketing agent and the form of a new remarketing agent and interest services agreement and authorizing certain other related actions.

MATTERS TOO LATE FOR THE AGENDA

None.

ADJOURNMENT

This meeting adjourned at 10:25 p.m.

Attest: _____
Stephanie Lopez, Agency Secretary



CITY OF MODESTO
MODESTO PUBLIC FINANCING
AUTHORITY
AGENDA REPORT

DATE OF MEETING:

May 26, 2020

Date: March 31, 2020

TO: Modesto Public Financing Authority Commissioners

THROUGH: Joseph P. Lopez, City of Modesto City Manager and Authority Executive Director

FROM: DeAnna Christensen, City of Modesto Director of Finance and Authority Treasurer

SUBJECT: Extension of the Letter of Credit with JP Morgan supporting the Water Refunding Revenue Certificates of Participation, Series 2008A

CONTACT: DeAnna Christensen, dachristensen@modestogov.com, 209-577-5387

DESCRIPTION:

Consider approving a three-year extension of the irrevocable direct pay Letter of Credit (LOC) supporting the 2008 Water Refunding Revenue Certificates of Participation (Water Bonds), amending the fee agreement with JP Morgan, authorizing the distribution of a Supplemental Official Statement, and authorizing certain other related actions to complete the three-year extension to the Water Bonds LOC. (Funding Source: Water Fund)

STRATEGIC PLAN ELEMENT:

This item supports the City of Modesto 2020-2025 Strategic Plan focus of Governance and Service Delivery under Goal H: Achieve Financial Sustainability.

BACKGROUND:

The Water Bonds are currently outstanding with a par amount of \$43,660,000. The Water Bonds are variable rate bonds that reset on a weekly basis and require a LOC.

The original LOC was executed with JP Morgan in June 14, 2011 when the previous Standby Purchase Agreement with Bank of America expired. The 2011 JP Morgan LOC was extended for three years in June 5, 2014. On June 6, 2017 under Resolution 2017-208, City Council approved a three-year extension of the LOC with JP Morgan with an expiration date of June 15, 2020.

DISCUSSION:

With the current Irrevocable Transferable Letter of Credit for the 2008 Lease Revenue Bonds with Bank of the West, Monterey Park, CA, the City's municipal advisor, Public Financial Management (PFM), reached out to Bank of the West to provide them an opportunity to solicit a proposed 3-year term for the Water Bonds. Bank of the West provided a proposal of 47.5 basis points (0.475%) for a 3-year term. Bank of the West included in their proposal a 4-year and 5-

year term but at this time the City is only interested to move forward with a 3-year term due to the underlying changes in the variable rate market and the lower cost of shorter terms.

With the established relationship, JP Morgan has offered to extend the existing LOC and to lower its annual fees from 70.0 basis points (0.70%) to 57.5 basis points (0.575%) which is an estimated net savings of about \$131,000. With a change in bank provider for the LOC, it would generate a significant increase in one-time cost of \$150,000 due to upfront cost for legal and municipal advisory services and result in a net loss of about \$21,000 based on the Bank of the West proposal of 47.5 basis points.

Bank of the West 3-year term Proposal:

Fiscal Year	BOTW LOC Fee Savings	BOTW LOC One-time Costs	BOTW Net Savings
2021	\$43,364	(\$150,000)	(\$106,636)
2022	42,946	-	42,946
2023	42,503	-	42,503
Total	\$128,813	(\$150,000)	(\$21,187)

Based on this analysis, staff recommends extending the existing LOC with JP Morgan at the reduced fee of 0.575%.

FISCAL IMPACT:

The annual fee on the current LOC with JP Morgan is 0.70% of the outstanding amount on the Water Bonds. In connection with the proposed three-year extension, the annual fee will be reduced to 0.575%, which translates to a savings of \$161,016 over the three-year period. In addition to these fees, the City will pay one-time legal and advisory costs related to the extension from funds in the Water Fund. These costs are estimated to be up to \$30,000, resulting in net savings of \$131,016.

Bank of America 3-year term Proposal:

Fiscal Year	LOC Fee Savings	One-time Costs	Net Savings
2021	\$54,205	(\$30,000)	\$24,205
2022	53,683	-	53,683
2023	53,128	-	53,128
Total	\$161,016	(\$30,000)	\$131,016

COMMITTEE RECOMMENDATION:

This item has not gone before a committee.

RECOMMENDED COUNCIL ACTION:

Staff Recommendations:

Resolution of the Modesto Public Financing Authority relating to Water Refunding Revenue Certificates of Participation, 2008 Series A; approving the form of and authorizing the distribution of a supplement to an official statement in connection therewith; and authorizing certain other related actions.

Approved by:

DeAnna Christensen, City of Modesto
Director of Finance and Authority Treasurer

Joseph P. Lopez, City of Modesto
City Manager and Authority Executive Director

Attachments:

1. Resolution
2. Modesto Fee Letter 2020
3. OS Supp No. 4 Modesto Water 2008A COPS
4. Second Amendment to Reimbursement Agreement
5. Modesto CPCS – Notice of Amendment

MODESTO PUBLIC FINANCING AUTHORITY
RESOLUTION NO. ____-2020

RESOLUTION OF THE MODESTO PUBLIC FINANCING AUTHORITY RELATING TO WATER REFUNDING REVENUE CERTIFICATES OF PARTICIPATION, 2008 SERIES A; APPROVING THE FORM OF AND AUTHORIZING THE DISTRIBUTION OF A SUPPLEMENT TO AN OFFICIAL STATEMENT IN CONNECTION THEREWITH; AND AUTHORIZING CERTAIN OTHER RELATED ACTIONS

WHEREAS, the Modesto Public Financing Authority (the “Authority”) is a joint exercise of powers authority duly organized and existing pursuant to the Modesto Public Financing Joint Exercise of Powers Agreement, dated as of December 5, 1989, by and between the City of Modesto (the “City”), a charter city and municipal corporation duly organized and existing under and by virtue of the Constitution and laws of the State of California, and the Industrial Development Authority of the City; and

WHEREAS, the City has caused to be executed and delivered the \$47,625,000 City of Modesto, California Water Refunding Revenue Certificates of Participation, 2008 Series A (the “2008 Certificates”); and

WHEREAS, in connection with the issuance of the 2008 Certificates, Bank of America, N.A., as liquidity facility provider, the City, and the Authority previously entered into a Standby Certificate Purchase Agreement, dated as of May 1, 2008 (the “2008 Liquidity Agreement”), relating to the performance of certain duties with respect to the remarketing of the 2008 Certificates; and

WHEREAS, the 2008 Liquidity Agreement was subsequently replaced with an irrevocable direct-pay letter of credit (as extended, the “Letter of Credit”) issued by JPMorgan Chase Bank, N.A. (“JPMorgan”) pursuant to the terms of a Reimbursement Agreement, dated as

of July 1, 2011, as amended by a First Amendment to the Reimbursement Agreement, dated as of June 5, 2014 (the “Reimbursement Agreement”), by and between the City and JPMorgan, and a Fee Letter, dated July 14, 2011, as amended and restated as of June 5, 2014 (the “Original Fee Letter”), between JPMorgan and the City; and

WHEREAS, the Stated Expiration Date of the Letter of Credit was previously extended from July 14, 2014 to July 14, 2017 and from July 14, 2017 to June 15, 2020; and

WHEREAS, the City has determined to be in its best interest to again extend the Stated Expiration Date of the Letter of Credit; and

WHEREAS, in connection with the extension of the Letter of Credit, the City and JPMorgan will enter into a Second Amendment to the Reimbursement Agreement and a new Fee Letter; and

WHEREAS, the Authority proposes to execute and deliver Supplement No. 4 to the Official Statement (the “Supplement”), relating to the 2008 Certificates, and to authorize the distribution of the Supplement to prospective and actual purchasers of the 2008 Certificates; and

WHEREAS, all acts, conditions and things required by the laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the consummation of the transactions authorized hereby do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the Authority is now duly authorized and empowered, pursuant to each and every requirement of law, to consummate such transactions for the purpose, in the manner and upon the terms herein provided.

NOW, THEREFORE, BE IT RESOLVED by the Governing Board of the Authority, as follows:

Section 1. Findings. The Governing Board hereby specifically finds and determines that the statements, findings and determinations of the Authority set forth above and in the preambles of the documents approved herein are true and correct.

Section 2. Approval of Supplement to Official Statement. The Supplement, in the form presented at this meeting and on file with the Secretary of the Authority, is hereby approved. Each of the Chairperson, Vice Chairperson, Executive Director, and Auditor and Treasurer of the Authority (each, an “Authorized Officer”), acting singly, is hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver the Supplement in substantially said form, with such changes therein as such officer executing the Supplement may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof. Each Authorized Officer, acting singly, is hereby authorized and directed to cause the Supplement, in substantially said form, with such changes therein as such officer may require or approve, to be distributed to potential and actual purchasers of the 2008 Certificates.

Section 3. Attestations. The Secretary of the Authority is hereby authorized and directed to attest the signature of each Authorized Officer in connection with the documents approved by this Resolution.

Section 4. Other Actions. Each Authorized Officer is hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents which such Authorized Officer may deem necessary or desirable in order to consummate the

transactions authorized hereby and to carry out, give effect to and comply with the terms and intent of this Resolution and the Supplement; and all such actions heretofore taken by such Authorized Officers are hereby ratified, confirmed and approved.

Section 5. Effective Date. This Resolution shall take effect immediately upon its passage.

The foregoing resolution was introduced at a meeting of the Modesto Public Financing Authority held on the 26th day of May, 2020, by Authority Member _____, who moved its adoption, which motion being duly seconded by Authority Member _____, was upon roll call carried and the resolution adopted by the following vote:

AYES: Authority Boardmembers:

NOES: Authority Boardmembers:

ABSENT: Authority Boardmembers:

ATTEST: _____
STEPHANIE LOPEZ,
Secretary

APPROVED AS TO FORM:

BY: _____
JOSE M. SANCHEZ,
Acting Authority Counsel

J.P.Morgan

June __, 2020

City of Modesto
1010 Tenth Street, Suite 5200
Modesto, CA 95353
Attention: Director of Finance

Ladies and Gentlemen:

Reference is made to (i) the Reimbursement Agreement, dated as of July 1, 2011 (the “*Existing Agreement*”), the First Amendment to the Reimbursement Agreement, dated as of June 5, 2014 (the “*First Amendment*”), the Second Amendment to the Reimbursement Agreement, dated as of June __, 2020 (the “*Second Amendment*”; together with the Existing Agreement and the First Amendment, the “*Agreement*”), in each case between City of Modesto (the “*City*”) and JPMorgan Chase Bank, National Association (the “*Bank*”) and (ii) the letter agreement regarding fees and expenses dated June 20, 2017, from the Bank to the City (the “*Existing Fee Letter*”). Any capitalized term below that is defined in the Agreement shall have the same meaning when used herein. This letter agreement (this “*Fee Letter*”) amends and restates the Existing Fee Letter in its entirety. This letter is the Fee Letter described in the Agreement.

In order to induce the Bank to extend the stated expiration date of the Letter of Credit, the City agrees to enter into the Second Amendment and make the following payments at the following times:

(1) A facility fee (the “*Facility Fee*”) for each day on the Available Amount as of the close of business of the Bank on such day, at the Facility Fee Rate (as defined below), payable quarterly in arrears on the first Business Day of each January, April, July and October (commencing on the first Business Day of July, 2020) until the Termination Date and on the Termination Date. As used herein, “*Facility Fee Rate*” means the rate per annum set forth in the grid below opposite Level 1; provided, however, if any Rating Agency downgrades its rating of the unenhanced long-term debt (including certificates of participation) of the City secured by Gross Revenues (each, a “*Rating*”) to a level less than Level 1, the applicable “*Facility Fee Rate*” shall be the rate per annum set forth in the grid below opposite the level that corresponds to (i) the level that contains both Ratings in the event the Ratings fall within a single level or (ii) the level that contains the lowest rating in the event that the Ratings fall within different levels (it being understood that Level 1 is the highest level and Level 7 is the lowest level):

LEVEL	MOODY'S RATING	S&P RATING	FACILITY FEE RATE PRIOR TO JUNE [15], 2020	FACILITY FEE RATE FROM AND AFTER JUNE [15], 2020
LEVEL 1	Aa3 or better	AA- or better	0.700%	0.575%
LEVEL 2	A1	A+	0.900%	0.775%
LEVEL 3	A2	A	1.100%	0.975%
LEVEL 4	A3	A-	1.300%	1.175%
LEVEL 5	Baa1	BBB+	1.600%	1.475%
LEVEL 6	Baa2	BBB	1.900%	1.775%
LEVEL 7	Baa3 or below	BBB- or below	2.200%	2.075%

Notwithstanding the foregoing, (A) the Facility Fee Rate shall be increased by 1.00% per annum from the Facility Fee Rate in effect immediately prior thereto in the event that, and for so long as, any Rating is withdrawn or suspended by any Rating Agency and (B) the Facility Fee Rate shall be increased by 1.00% per annum from the Facility Fee Rate in effect immediately prior thereto upon the occurrence and during the continuance of an Event of Default. Any change in the Facility Fee Rate resulting from a change in a Rating shall be and become effective as of and on the date of the announcement of the change in such Rating.

(2) In the event the Letter of Credit is terminated or the Available Amount is permanently reduced (other than as a result of the payment of or scheduled prepayment of the Bonds) prior to the Stated Expiration Date, the City shall pay the Bank a fee (the "**Termination Fee**") on the date of termination or permanent reduction equal to the Facility Fee that would have been payable to the Bank pursuant to preceding paragraph (1) but for the termination or permanent reduction for the period from and including the date on which the Letter of Credit is terminated or the Available Amount is permanently reduced to and including the Stated Expiration Date assuming (A) a Facility Fee Rate equal to the Facility Fee Rate in effect immediately prior to the date on which the Letter of Credit is terminated or the Available Amount is permanently reduced; and (B) the Available Amount is fully reinstated (*i.e.*, at its maximum amount) immediately prior to the date on which Letter of Credit is terminated or the Available Amount is permanently reduced; provided, however, that the Termination Fee shall not be payable if (i) the short-term ratings of the Bank fall below a level of "P1" by Moody's or "A-1" by S&P or (ii) the Certificates of Participation are paid, prepaid or defeased in full or in part, whether by refunding or otherwise, with the proceeds of Indebtedness of the City that is not (a) secured or supported by a letter of credit, liquidity facility, credit agreement or other agreement issued or executed by a financial institution or (b) in the form of notes or certificates that are purchased directly by a financial institution.

(3) A draw fee of \$300 for each drawing presented under the Letter of Credit, payable on each Business Day on which the Bank pays the amount requested in a drawing. For the avoidance of doubt, the draw fee shall only be payable if the Bank advances funds pursuant to a drawing.

(4) At the time of any transfer of the Letter of Credit, a fee of \$3,000 plus reasonable attorneys' fees and expenses.

(5) At the time the City requests an amendment, or seeks the Bank's consent to any amendment, of any Related Document, a fee of \$3,000 plus reasonable attorneys' fees and expenses, which fee shall be earned and payable whether or not any such amendment is executed or consent granted.

(6) At the time the City requests a waiver, or seeks the Bank's consent to a waiver, of any provision of any Related Document, such fee as the Bank may determine in its sole discretion, plus reasonable attorneys' fees and expenses, which fee shall be earned and payable whether or not any such waiver is executed or consent granted.

(7) On the Amendment Effective Date, the fees and expenses of Rentner Rust, PC, counsel to the Bank, in an amount not to exceed \$7,500.

All amounts paid pursuant to this Fee Letter shall be non-refundable. Computations of the Facility Fee and the Termination Fee shall be made on the basis of a 360 day year and actual days elapsed.

All payments to be made by the City to the Bank pursuant to this Fee Letter shall be in the manner and at the times set forth in the Agreement.

This Fee Letter may not be amended or waived except by an instrument in writing signed by the Bank and the City. This Fee Letter may be executed in any number of counterpart, each of which shall be an original, and all of which, when taken together, shall constitute one agreement. Delivery of an executed signature page of this Fee Letter by electronic transmission shall be effective as delivery of a manually executed counterpart hereof.

This Fee Letter is delivered to the City on the understanding that neither this Fee Letter nor any of its terms shall be disclosed, directly or indirectly, to any other person except (a) the City's council members, officers, employees, accountants, attorneys, agents and advisors who are directly involved in the consideration of this matter on a confidential and need-to-know basis and for whom the City shall be responsible for any breach by any of them of this confidentiality undertaking; (b) under compulsion of law (whether by interrogatory, subpoena, civil investigative demand or otherwise) or by order of any court or governmental or regulatory body; or (c) to any person requesting a copy of this Fee Letter as a public record, provided that, in the case of clauses (b) and (c), the City shall (to the extent permitted) give the Bank reasonable prior notice of such disclosure and an opportunity to restrain such disclosure.

[Remainder of page intentionally left blank.]

Please confirm that the foregoing is our mutual understanding by signing and returning to the Bank an executed counterpart of this Fee Letter. This Fee Letter shall become effective as of the date first above referenced upon our receipt of an executed counterpart of this Fee Letter from the City.

Very truly yours,

JPMORGAN CHASE BANK, NATIONAL
ASSOCIATION

By: _____
Name: James G. Millard
Title: Executive Director

Accepted and agreed to
as of the date first
written above by:

CITY OF MODESTO

By: _____

Name: DeAnna Christensen

Title: Director of Finance

OFFICIAL STATEMENT SUPPLEMENT NO. 4, DATED _____, 2020

NOT A NEW ISSUE

\$47,625,000*
CITY OF MODESTO, CALIFORNIA
WATER REFUNDING REVENUE CERTIFICATES OF PARTICIPATION
2008 SERIES A

Dated: Date of Original Delivery Price: 100% CUSIP[†] 607804AC5 Due: October 1, 2036
(May 30, 2008)

This Official Statement Supplement No. 4 (this “Supplement”) sets forth certain information supplementary to that information contained in the Official Statement dated May 29, 2008 as supplemented by the Official Statement Supplement No. 1, dated July 5, 2011, as amended by Amendment to Official Statement Supplement No. 1, dated July 5, 2011, and as supplemented by Official Statement Supplement No. 2, dated June 6, 2014 and further supplemented by Official Statement Supplement No. 3, dated June 20, 2017 (collectively, the “Original Official Statement”), relating to the City of Modesto, California Water Refunding Revenue Certificates of Participation 2008 Series A (the “2008 Certificates”). The 2008 Certificates were executed and delivered pursuant to a Trust Agreement, dated as of May 1, 2008, by and between the Modesto Public Financing Authority (the “Authority”) and The Bank of New York Trust Company, N.A., as trustee (the “Trustee”), as amended and restated by an Amended and Restated Trust Agreement, dated as of May 1, 2008, as amended and restated on July 14, 2011, by and between the Authority and the Trustee, for the principal purpose of refinancing certain improvements to the Water Utility System of the City of Modesto (the “City”).

The 2008 Certificates are currently in a Weekly Mode. Payment of the purchase price of the 2008 Certificates upon optional or mandatory tender for purchase are currently supported by an irrevocable direct pay letter of credit (the “JPMorgan Letter of Credit”) issued by JPMorgan Chase Bank, National Association, (“JPMorgan”). *On or about June __, 2020, the expiration date of the JPMorgan Letter of Credit will be extended from June 15, 2020 to [June 15, 2023].* For additional information relating to JPMorgan, see APPENDIX A – “INFORMATION CONCERNING JPMORGAN CHASE BANK, NATIONAL ASSOCIATION,” which additional information has been provided by JPMorgan, and no representation is made by the Authority or the City as to the accuracy or completeness or the adequacy of such information.

Information with respect to the 2008 Certificates is contained in the Original Official Statement, as supplemented by this Supplement. This Supplement should be read together with the Original Official Statement. To the extent that the information in this Supplement conflicts with the information in the Original Official Statement, this Supplement shall govern. No attempt has been made to update the Original Official Statement except as specifically set forth in this Supplement. For more recent information relating to the Water Utility System of the City, see the most recent Comprehensive Annual Financial Report and other continuing disclosure, available on the Municipal Securities Rulemaking Board’s (“MSRB’s”) EMMA website at <http://www.emma.msrb.org> by searching for the CUSIP number listed above. The MSRB’s EMMA website is not incorporated herein by reference. [Add COVID-19 disclosure, if necessary]. Unless otherwise defined in this Supplement, all terms used herein shall have the same meanings as those terms in the Original Official Statement.

* Original principal amount. As of the date of this Supplement the Certificates are outstanding in the principal amount of \$43,660,000.

† Copyright 2020, American Bankers Association. CUSIP® is a registered trademark of the American Bankers Association. The CUSIP data herein is provided by the CUSIP Service Bureau, managed on behalf of the American Bankers Association by Standard & Poor’s. The CUSIP numbers are not intended to create a database and do not serve in any way as a substitute for CUSIP service. CUSIP numbers have been assigned by an independent company not affiliated with the City and are provided solely for convenience and reference. None of the Authority, the City or the Remarketing Agent takes any responsibility for the accuracy of such numbers.

MISCELLANEOUS

This Supplement is not to be construed as a contract or agreement between the Authority or the City and the purchasers or holders of any of the 2008 Certificates. Any statements made in this Supplement involving matters of opinion, whether or not expressly so stated, are intended merely as an opinion and not as representations of fact. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Supplement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority, the City, the Water Utility System or JPMorgan since the date hereof.

This Supplement has been duly approved, executed and delivered by the City and the Authority.

CITY OF MODESTO, CALIFORNIA

By: _____
Joseph P. Lopez
City Manager

MODESTO PUBLIC FINANCING AUTHORITY

By: _____
DeAnna Christensen
Auditor and Treasurer

APPENDIX A

INFORMATION CONCERNING
JPMORGAN CHASE BANK, NATIONAL ASSOCIATION

JPMorgan Chase Bank, National Association, a national banking association (“JPMorgan Chase Bank, N.A.”), is one of the principal bank subsidiaries of JPMorgan Chase & Co. JPMorgan Chase Bank, N.A. offers a wide range of banking services to its customers both in the United States and internationally, including investment banking, financial services for consumers and small businesses, commercial banking, financial transaction processing and asset management. JPMorgan Chase Bank, N.A. is chartered and its business is subject to examination and regulation by the Office of the Comptroller of the Currency, a bureau of the U.S. Department of the Treasury. As of [December 31, 2016], JPMorgan Chase Bank, N.A. had total assets of [\$2.1 trillion] and total stockholder’s equity of [\$205.1 billion].

JPMorgan Chase Bank, N.A. files quarterly Consolidated Reports of Condition and Income for A Bank With Domestic and Foreign Offices (“Call Reports”) with the Federal Financial Institutions Examinations Council (the “FFIEC”). The non-confidential portions of the Call Reports can be viewed on the FFIEC’s website at <https://cdr.ffiec.gov/public>. The Call Reports are prepared in accordance with regulatory instructions issued by the FFIEC and do not in all cases conform to U.S. generally accepted accounting principles (“GAAP”).

Additional information concerning JPMorgan Chase Bank, N.A., including the Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K filed by JPMorgan Chase & Co. with the Securities and Exchange Commission (the “SEC”), as they become available, can be viewed on the SEC’s website at www.sec.gov. Those reports and additional information concerning JPMorgan Chase Bank, N.A. can also be viewed on JPMorgan Chase & Co.’s investor relations website at <http://investor.shareholder.com/jpmorganchase>. Neither of those websites is incorporated by reference.

The information contained in this Appendix relates to and has been obtained from JPMorgan Chase Bank, N.A. The delivery of the Supplement shall not create any implication that there has been no change in the affairs of JPMorgan Chase Bank, N.A. since the date hereof, or that the information contained or referred to in this Appendix is correct as of any time subsequent to its date.

SECOND AMENDMENT TO THE
REIMBURSEMENT AGREEMENT

This Second Amendment to the Reimbursement Agreement (this "Amendment") is made and entered into as of June __, 2020 between the CITY OF MODESTO, a charter city and municipal corporation organized under the Constitution and laws of the State of California (the "Applicant"), and JPMORGAN CHASE BANK, NATIONAL ASSOCIATION, a national banking association (the "Bank").

W I T N E S S E T H

WHEREAS, Applicant and the Bank are parties to that certain Reimbursement Agreement, dated as of July 1, 2011, as amended by the First Amendment to Reimbursement Agreement, dated as of June 5, 2014 (collectively, the "Agreement;" unless otherwise defined herein, capitalized terms used herein and defined in the Agreement shall have the same meaning herein as therein defined);

WHEREAS, Applicant desires to extend the Stated Expiration Date of Letter of Credit No. CPCS-923992 (the "Letter of Credit") as stated herein below;

WHEREAS, the Bank is willing to extend the Stated Expiration Date of the Letter of Credit upon the terms and conditions set forth in this Amendment.

NOW, THEREFORE, in consideration of the foregoing, the premises and mutual covenants contained herein and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Effectiveness of this Amendment. This Amendment shall become effective as provided herein at the time (the "Amendment Effective Time") on the first date (the "Amendment Effective Date") on which each of the following conditions shall be satisfied or waived by the Bank:

(a) Execution of this Amendment. Applicant and the Bank shall have executed a copy of this Amendment (whether the same or different copies) and Applicant shall have delivered the same to the Bank.

(b) No Default; Representations and Warranties. The Bank shall be satisfied that, immediately prior to the Amendment Effective Time and after giving effect to this Amendment, (i) there shall exist no Default or Event of Default under the Agreement and (ii) the representations and warranties of Applicant contained in this Amendment are true and correct in all material respects as of the Amendment Effective Time with the same effect as though such representations and warranties had been made at the Amendment Effective Time.

(c) Payments. The Bank shall have received all amounts, if any, owing under the Agreement and the Fee Letter from Applicant through and including the Amendment Effective Date.

(d) Amended and Restated Fee Letter. Applicant and the Bank shall have executed (whether the same or different copies) a letter agreement amending and restating the Fee Letter (the "Amended and Restated Fee Letter") and Applicant shall have delivered the same to the Bank.

(e) Authority. The Bank shall have received evidence satisfactory to it that Applicant has the authority to enter into this Amendment and the Amended and Restated Fee Letter.

2. Amendment to Agreement. At the Amendment Effective Time:

(a) Section 1.1 of the Agreement is hereby amended to add the following defined term in alphabetical order:

"Fee Letter" means the letter agreement dated July 14, 2011 between Applicant and the Bank regarding certain fees and expenses related to the Related Documents together with all amendments, modifications and restatements thereof.

(b) Section 1.1 of the Agreement is hereby amended by deleting the defined terms "Sanctioned Country," "Sanctioned Person" and "Sanctions" and replacing them with the following defined terms:

"Sanctioned Country" means, at any time, a country, region or territory which is itself the subject or target of any Sanctions (at the time of signing this Agreement, Crimea, Cuba, Iran, North Korea and Syria).

"Sanctioned Person" means, at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the U.S. Department of State, or by the United Nations Security Council, the European Union, any European Union member state, Her Majesty's Treasury of the United Kingdom or other relevant sanctions authority, (b) any Person operating, organized or resident in a Sanctioned Country, (c) any Person owned or controlled by any such Person or Persons described in the foregoing clauses (a) or (b), or (d) any Person otherwise the subject of any Sanctions.

"Sanctions" means economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by (a) the U.S. government, including those administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the U.S. Department of State, or (b) the United Nations Security Council, the European Union, any European Union member state, Her Majesty's Treasury of the United Kingdom or any other relevant sanctions authority.

(c) Section 7.16 of the Agreement shall be amended and restated in its entirety to read as follows:

Section 7.16 Counterparts; Electronic Signatures. This Agreement may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which shall be an original, with the same effect as if the signatures

thereto and hereto were upon the same instrument. This Agreement may be delivered by the exchange of signed signature pages by facsimile transmission or by e-mail with a PDF copy attached, and any printed or copied version of any signature page so delivered shall have the same force and effect as an originally signed version of such signature page.

(d) Article 7 shall be amended by adding the following Section after Section 7.22 and the table of contents shall be revised accordingly:

Section 7.23 Cooperative Drafting. This Agreement has been drafted through a cooperative effort of Applicant and the Bank, and all parties have had an opportunity to have this Agreement reviewed and revised by legal counsel. No party shall be considered the drafter of this Agreement, and no presumption or rule that an ambiguity shall be construed against the party drafting the clause shall apply to the interpretation or enforcement of this Agreement.

Section 7.24 Arm's Length Transaction. Applicant acknowledges that: (i) the transactions described in this Agreement are arm's-length, commercial transactions between Applicant and the Bank; (ii) in connection with the transaction, the Bank is acting solely as a principal and not as a municipal advisor as defined in Section 15B of the Securities Exchange Act of 1934 (including the rules adopted by the Securities Exchange Commission in connection therewith) in any manner whatsoever in connection with this Agreement and the Letter of Credit, or a financial advisor, agent or fiduciary of Applicant in any manner whatsoever in connection with this Agreement and the Letter of Credit and may have financial and other interests that differ from those of Applicant; (iii) the Bank has not assumed any advisory or fiduciary responsibility to Applicant with respect to the transactions contemplated hereby and the discussions, undertakings and procedures leading thereto; (iv) Applicant has consulted with its own legal, accounting regulatory, tax and financial advisors in connection with the transaction described in this Agreement; and (v) Applicant is capable of evaluating and understands and accepts, the terms, risks and conditions of the transaction contemplated hereby and by the other Related Documents.

Section 7.25 Redaction. Applicant agrees to cause the Remarketing Agent to redact any information in the Agreement, the Letter of Credit or any other document filed under the Municipal Securities Rulemaking Board's Rule G34 that reveals personal information about any Bank or its employees or agents or could be used in a fraudulent manner (including, but not limited to, fees, letter of credit number, bank account information, signatures and contact information).

3. Representations and Warranties. Applicant hereby makes, as of the Amendment Effective Date, each of the representations and warranties set forth in Article 4 of the Agreement, and such representations and warranties are, by this reference, incorporated herein as if set forth herein in their entirety, provided that references to "Agreement" shall, for purposes of this paragraph, be deemed to include this Amendment.

4. Extension of Expiration Date. At the Amendment Effective Time, the Bank shall execute and deliver to the Trustee an extension to Letter of Credit in the form of Annex H to the Letter of Credit extending the Stated Expiration Date thereof to June [15], 2023.

5. Miscellaneous.

(a) Except as expressly modified by this Amendment, the Agreement shall continue to be and remain in full force and effect in accordance with their respective terms.

(b) This Amendment may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

(c) PURSUANT TO SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW (OR ANY SUCCESSOR STATUTE THERETO), THIS AMENDMENT SHALL BE DEEMED TO BE A CONTRACT UNDER, AND SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO CHOICE OF LAW RULES; PROVIDED, HOWEVER, THAT THE LAWS OF THE STATE OF CALIFORNIA SHALL GOVERN THE INTERPRETATION OF THIS AMENDMENT AS IT RELATES TO THE CAPACITY, POWER AND AUTHORITY OF THE APPLICANT TO ENTER INTO AND PERFORM ITS OBLIGATIONS UNDER THIS AMENDMENT.

(d) This Amendment may be delivered by the exchange of signed signature pages by facsimile transmission or by e-mail with a PDF copy attached, and any printed or copied version of any signature page so delivered shall have the same force and effect as an originally signed version of such signature page.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, each of the City and the Bank has caused this Amendment to be signed in its name by one or more officers, all as of the day and year first above written.

CITY OF MODESTO

By: _____
Name: DeAnna Christensen
Title: Finance Director

JPMORGAN CHASE BANK, N.A.

By: _____

Name: James G. Millard

Title: Executive Director

-Signature Page-

Second Amendment to Reimbursement Agreement

NOTICE OF AMENDMENT

June __, 2020
CUSIP No. 607804AC5

The Bank of New York Mellon Company, N.A.
400 S. Hope Street, Suite 500
Los Angeles CA 90071

Attention: Vice President / Specialist, Client Service

Ladies and Gentlemen:

Reference is hereby made to that certain Irrevocable Transferable Letter of Credit No. CPCS-923992 dated July 14, 2011 (the "*Letter of Credit*"), established by us in your favor as Beneficiary related to the Authority's \$46,765,000 Water Revenue Refunding Certificates of Participation 2008 Series A (the "*Certificates*"). We hereby notify you that, in accordance with the terms of the Letter of Credit and that certain Reimbursement Agreement dated as of July 1, 2011, between the City of Modesto and us, the Stated Expiration Date (as defined in the Letter of Credit) has been extended to June 15, 2023.

The Letter of Credit is further amended in the following respects:

1. The Trustee's address is amended as herein above stated.
2. Paragraph 10 of the Letter of Credit is deleted in its entirety and replaced with the following:

"Communications with respect to this Letter of Credit shall be addressed to us at JPMorgan Chase Bank, N.A., C/O JPMorgan Treasury Services, 10420 Highland Manor Dr, 4th Floor, Tampa, FL, 33610, Attention: Standby Letter of Credit Unit, specifically referring to the number of this Letter of Credit. For telephone assistance, please contact the Standby Client Service Unit at 1-800-634-1969 or 1-813-432-1210, and have this Letter of Credit number available."

3. The address of the Bank wherever it appears in the Letter of Credit and the Annexes now reads:

"JPMorgan Chase Bank, N.A., C/O JPMorgan Treasury Services, 10420 Highland Manor Dr, 4th Floor, Tampa, FL, 33610, Attention: Standby Letter of Credit Unit".

Letter of Credit No. CPCS-923992

JUNE __, 2020

This letter shall be attached to the Letter of Credit and made a part thereof.

JPMorgan Chase Bank, N.A.

By: _____
Name:
Title: