



Town of Discovery Bay

"A Community Services District"

AGENDA REPORT

Meeting Date

June 6, 2012

Prepared By: Rick Howard, General Manager
Submitted By: Rick Howard, General Manager

Agenda Title

Approve Capital Project Financing Plan and Adopt Resolution No. 2012-11

Recommended Action

It is recommended that the Board authorize the General Manager to: 1) enter into agreements with Kinsell Newcomb and De Dios, Inc for Municipal Bond Underwriting Services; 2) enter into agreements with The Weist Law Firm for Bond Counsel Services; 3) enter into an agreement with Standard and Poor's Rating Services; and 4) Adopt Resolution 2012-11 authorizing the commencement of proceedings in connection with the execution and delivery of water and wastewater bond obligations, appointing an Underwriter, a Bond Counsel, a Disclosure Counsel

Executive Summary

In 2010 the District embarked on assessing the future capital requirements for the District's water and wastewater infrastructure needs. Those analyses resulted in the completion and final acceptance of the Water and Wastewater Master plans. The Master Plans forecast a ten (10) year planning horizon based upon the current needs of the District, and long term needs necessary to accommodate new development.

Staff, consulting engineers, Veolia Water and the Water and Wastewater Sub-Committee have identified those projects that will be funded through ongoing operational revenues, projects that will require financing, and those projects that will only be constructed once new development necessitates their need (See Attachment A: Five (5) Year Proposed Capital Improvement Program for a listing of the projects and their respective funding categories). For purposes of the Capital Project Financing Plan, staff proposes \$13.1M in projects to be financed.

Today's financial markets are witnessing the lowest interest rates in over fifty (50) years. In an effort to capture these low rates, staff believes that it is prudent to initiate the financing process at this time. While no guarantees exist, it does appear that rates have hit their historical lows and the markets are seeing a slight uptick in interest rates.

Staff has had presentations from two (2) different firms and recommends Kinsell Newcomb and De Dios, Inc for Municipal Bond Underwriting Services and The Weist Law Firm for Bond Counsel Services. Their proposals and Statement of Qualifications are attached and listed as Attachments B & C, respectively.

By authorizing this action, it should be noted that the District will not incur any fees until the closing of the financing. All closing costs will be included as a part of the overall financing package. Also, this action in no way binds the District to follow through with the financing. However, the agreement with Standard and Poor's is fixed and must be paid regardless if the financing moves forward (Attachment D). The cost for the District's Financial Rating is \$15,000. This fee will be collected as a part of the closing unless the District determines it is not appropriate to move forward with the financing. All other costs associated with the financing are contingent upon the close of the transaction.

The projects that are included in the financing do not include the current Bio Solids project. The Board can opt to include that project in the financing at any time prior to closing. Previously, the Board adopted a Reimbursement Resolution that would allow the District to take that action if the Board chose to do so. If the Board does take that action, the amount of the projects to be financed will increase from \$13.1M to \$14.7M. Projected annual debt service for \$13.1M is estimated at approximately \$1.025M for a twenty (20) year issue and \$850,000 for a thirty (30) year issue. Projected annual debt service for \$14.7M is estimated at approximately \$1.160M for a twenty (20) year issue and \$960,000 for a thirty (30) year issue. See attached projections listed as Attachment E.

Staff believes that it is appropriate to initiate the Capital Financing Process at this time.

AGENDA ITEM: G-2

Fiscal Impact:

Amount Requested \$ None at this time. All fees to be paid pursuant to agreements at time of closing.

Sufficient Budgeted Funds Available?: (If no, see attached fiscal analysis)

Prog/Fund # Category: Pers. Optg. Cap. -or- CIP# Fund#

Previous Relevant Board Actions for This Item

Master Plan Workshops and Board Acceptance of Master Plans

Attachments

A: Proposed/Projected Five (5) year CIP

B: Proposal/SOQ Kinsell Newcomb and De Dios, Inc for Municipal Bond Underwriting Services

C: Proposal/SOQ The Weist Law Firm for Bond Counsel Services

D: Agreement with Standard and Poor's for Rating Services

E: Financing Projections with Options

F: Resolution No. 2012-11

Account	Account Description	Dept/Proj#	2010/2011 ACTUALS	2011/2012 BUDGET	2011/2012 ACTUALS April 2012	2012/2013 Budget	Variance
3000	Equipment		\$ -	\$ -	\$ -	\$ 75,000	\$ -
	Community Message Board	A				\$ 40,000	
	Boom Lift	W/WW				\$ 25,000	
	Security Camera's	WW				\$ 10,000	
3120	CIP wastewater		\$ -	\$ 1,125,665	\$ 417,316	\$ 310,000	\$ -
	Secondary Effluent Pump Station Modifications	5					
	Secondary Effluent Equalization	6					
	Effluent Filtration	7					
	Revise UV Disinfection Wells	8					
	Conduct UV Disinfection Viral Bioassay Test	9			\$ 50,000		
	Upgrade UV Disinfection	10					
	Add Pump to Export Pump Station	12					
	Solids Improvements, phase 2: One New Solar Dryer	14 ✓				\$ 110,000	
	Collection System Pump Station Improvements	15 ✓				\$ 150,000	
	SCADA Improvements	16 ✓				\$ 50,000	
	Fiber to Plant 1					\$ 50,000	
3135	CIP Water		\$ -	\$ 124,000	\$ 115,000	\$ 251,400	\$ -
	Source Capacity						
	Well 7	1a		\$ 40,000		\$ 221,400	
	Well 1B pump Equipment Upgrade	1d				\$ 30,000	
	Treatment Filter at Willow Lake						
	Treatment Filter unit at Willow Lk WTP vessel, media, foundation, all new face piping & controls	2a					
	New Backwash Tank at Willow Lk WTP piping modifications & foundation	2b					
	New Recycle Pumps at Willow Lk WTP 3 pumps, piping & controls	2c					
	Recycle Pump Upgrade - Newport	2e					
3150	Structures & Improvements Wastewater		\$ -	\$ -	\$ -	\$ 1,652,781	\$ -
	Influent Pump Station Modifications	1				\$ 58,882	
	RE-Activate Pump Station W	2				\$ 21,319	
	Emergency Storage Facilities	3				\$ 14,580	
	Splitter Box, OX ditch, Clarifier, RAS pumps at Plant 2, standby Aerators	4				\$ 605,000	
	Reverse Osmosis Facilities	11					
	Solids Improvements, Phase 1: New Solar Dryers and 2 Belt Presses	13			\$ 200,000	\$ 200,000	
*****	Upgrade OX Ditch 1						
	Rehab Manholes					\$ 18,000	
	Raise Manholes					\$ 10,000	
	Spare NTU Sensor					\$ 60,000	
	Road Crossing Ramps					\$ 15,000	
	Salinity Project					\$ 50,000	
3165	Structures & Improvements Water		\$ -	\$ -	\$ -	\$ 185,000	\$ -
	Water Distribution System						
	Replace 8-in mainline w/new 16-in C905 - willow lk from Disco Blvd to Beaver Ln	3b				\$ 150,000	
	Storage Tanks						
	New Water Storage Tank - Newport WTP	4a					
	Willow Lake WTP Chemical Room Upgrade					\$ 25,000	
	Security Door Locks					\$ 10,000	
3180	Infrastructure Replacement Fund		\$ -	\$ 320,000	\$ 320,000	\$ 500,000	\$ -
	Sewer Infrastructure Replacement Program			\$ 150,000	\$ 150,000	\$ 200,000	
	Pumps/Motors Replacement Fund Program			\$ 40,000	\$ 40,000	\$ 50,000	
	Water Infrastructure Replacement Program			\$ 100,000	\$ 100,000	\$ 200,000	
	Facilities & Vehicles Replacement Fund			\$ 30,000	\$ 30,000	\$ 50,000	
	Encumbrance(s) Carry Over (Re-budgeted) Capital					\$ 1,806,125	
	Capital Totals		\$ 856,610	\$ 1,569,665	\$ 852,316	\$ 1,253,000	\$ 409,684
	Bond Financed Totals					\$ 921,181	
	Growth Induced Totals						
	Total Capital		\$ -	\$ 1,569,665	\$ 852,316	\$ 2,974,181	

Account	Account Description	Dept./Proj#	2013/2014 Budget	2014/2015 Budget	2015/2016 Budget	2016/2017 Budget	SUM
3000	Equipment		\$ -	\$ -	\$ -	\$ -	\$ 75,000
	Community Message Board	A					\$ 40,000
	Boom Lift	W/WW					\$ 25,000
	Security Camera's	WW					\$ 10,000
3120	CIP wastewater		\$ 235,000	\$ 916,400	\$ 4,221,300	\$ 2,211,300	\$ 7,894,000
	Secondary Effluent Pump Station Modifications	5			\$ 250,000		\$ 250,000
	Secondary Effluent Equalization	6			\$ 680,000		\$ 680,000
	Effluent Filtration	7		\$ 461,400	\$ 2,076,300	\$ 2,076,300	\$ 4,614,000
	Revise UV Disinfection Weirs	8					\$ -
	Conduct UV Disinfection Viral Bioassay Test	9					\$ -
	Upgrade UV Disinfection	10		\$ 120,000	\$ 1,080,000		\$ 1,200,000
	Add Pump to Export Pump Station	12		\$ 100,000			\$ 100,000
	Solids Improvements, phase 2: One New Solar Dryer	14					\$ -
	Collection System Pump Station Improvements	15	\$ 135,000	\$ 135,000	\$ 135,000	\$ 135,000	\$ 650,000
	SCADA Improvements	16	\$ 100,000	\$ 100,000			\$ 350,000
	Fiber to Plant 1						\$ 50,000
3135	CIP Water		\$ 668,020	\$ 894,380	\$ 403,200	\$ 28,800	\$ 2,225,800
	Source Capacity						\$ -
	Well 7	1a	\$ 627,300	\$ 627,300			\$ 1,476,000
	Well 18 pump Equipment Upgrade	1d					\$ 30,000
	Treatment Filter at Willow Lake						\$ -
	Treatment Filter unit at Willow Lk WTP vessel, media, foundation, all new face piping & controls	2a	\$ 20,720	\$ 238,280			\$ 259,000
	New Backwash Tank at Willow Lk WTP piping modifications & foundation	2b		\$ 28,800	\$ 331,200		\$ 360,000
	New Recycle Pumps at Willow Lk WTP 3 pumps, piping & controls	2c			\$ 72,000		\$ 72,000
	Recycle Pump Upgrade - Newport	2a				\$ 28,800	\$ 28,800
3150	Structures & Improvements Wastewater		\$ 4,473,390	\$ 4,186,710	\$ 1,350,000	\$ -	\$ 11,662,881
	Influent Pump Station Modifications	1	\$ 981,360				\$ 1,040,242
	RE-Activate Pump Station W	2	\$ 355,320				\$ 376,639
	Emergency Storage Facilities	3	\$ 114,210	\$ 114,210			\$ 243,000
	Splitter Box, OX ditch, Clarifier, RAS pumps at Plant 2, standby Aerators	4	\$ 2,722,500	\$ 2,722,500			\$ 6,050,000
	Reverse Osmosis Facilities	11					\$ -
	Solids Improvements, Phase 1: New Solar Dryers and 2 Belt Presses	13	\$ 300,000	\$ 1,350,000	\$ 1,350,000		\$ 3,800,000
*****	Upgrade OX Ditch 1						\$ -
	Rehab Manholes						\$ 18,000
	Raise Manholes						\$ 10,000
	Spare NTU Sensor						\$ 60,000
	Road Crossing Ramps						\$ 15,000
	Salinity Project						\$ 50,000
3165	Structures & Improvements Water		\$ 250,000	\$ 336,400	\$ 1,743,600	\$ 610,960	\$ 3,125,960
	Water Distribution System						\$ -
	Replace 8-in mainline w/new 16-in C905 - willow lk from Disco Blvd to Beaver Ln	3b	\$ 250,000	\$ 250,000	\$ 750,000	\$ 610,960	\$ 2,010,960
	Storage Tanks						\$ -
	New Water Storage Tank - Newport WTP	4a		\$ 86,400	\$ 993,600		\$ 1,080,000
	Willow Lake WTP Chemical Room Upgrade						\$ 25,000
	Security Door Locks						\$ 10,000
3180	Infrastructure Replacement Fund		\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 2,500,000
	Sewer Infrastructure Replacement Program		\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 1,000,000
	Pumps/Motors Replacement Fund Program		\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 250,000
	Water Infrastructure Replacement Program		\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 1,000,000
	Facilities & Vehicles Replacement Fund		\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 250,000

	Encumbrance(s) Carry Over (Re-budgeted) Capital						\$ 1,806,125
	Capital Totals		\$ 985,000	\$ 985,000	\$ 1,385,000	\$ 1,245,960	\$ 5,853,960
	Bond Financed Totals		\$ 5,100,690	\$ 4,814,010	\$ 2,280,000		\$ 13,115,881
	Growth Induced Totals		\$ 20,720	\$ 1,034,880	\$ 4,553,100	\$ 2,105,100	\$ 7,713,800
	Total Capital		\$ 6,106,410	\$ 6,833,890	\$ 8,218,100	\$ 3,351,060	\$ 27,483,641

STATEMENT OF QUALIFICATIONS
and
PROPOSAL
to serve as
MUNICIPAL BOND UNDERWRITER
to the

Town of Discovery Bay
A Community Services District



presented by:
Dan Massiello
Managing Director



May 24, 2012



May 24, 2012

Richard J. Howard
General Manager
Town of Discovery Bay Community Services District
1800 Willow Lake Road
Discovery Bay, CA 94505-9376

Dear Mr. Howard:

On behalf of Kinsell, Newcomb & De Dios, Inc. ("KND") I am pleased and grateful for the opportunity to present this Statement of Qualifications and Proposal ("Proposal") to provide Municipal Bond Underwriting Services to the Town of Discovery Bay Community Services District (the "Town").

Some of the key benefits the Town will enjoy by working with us on its upcoming financing include:

Personalized Service:

- We focus on issuers who are generally small to medium in size that tend to be underserved by the investment banking community. This body of experience has created an approach where attention to detail in the structuring process is paramount. It is my personal goal to provide a level of service to my clients that will result in the successful completion of a seamless and cost effective financial transaction, while minimizing staff impact and maximizing the flow of information to both staff and elected officials.

Sales and Distribution Capability:

- KND has been underwriting bonds for issuers throughout California since 1990, arranging more than \$12 billion of financings in that time. We focus exclusively on the underwriting of municipal debt issues. This enables us to maintain a network of relationships with municipal bond investors that is unparalleled in the public finance industry.

Achieving the Town's Overall Financing Objectives:

- It is my personal belief that any transaction should never be viewed independently, but as one piece of an issuer's overall financial operations. Decisions made during the financing process will impact the ratepayers of the Town for a generation or more, which means the Town's overall financial needs, goals and objectives, both financing related and otherwise, should to be considered carefully as a part of a larger whole. Maximizing the efficiency of a borrowing and capitalizing on as many economies of scale as possible during the financing process are key objectives to maintaining overall fiscal health going forward.

I am confident that this Proposal will demonstrate that both KND and I stand ready, willing and able and that we are the best choice to assist the Town with achieving its financial goals and objectives in a timely and efficient manner.

Thank you once again for the opportunity to present this Proposal. Please feel free to contact me at any time should you have any questions or if you would like additional information.

Sincerely,

A handwritten signature in blue ink that reads 'Dan Massiello'.

Dan Massiello
Managing Director



QUALIFICATIONS

Introduction

KND was founded in 1985 and is a privately-owned investment banking company that focuses almost exclusively on financing public projects. The company is licensed by the Financial Industry Regulatory Authority (FINRA) as a fully disclosed broker-dealer. We are also a registered member of the Securities Investor Protection Corporation (SIPC) and a member of the Municipal Securities Rulemaking Board (MSRB).

Dan Massiello will be the Senior Banker assigned to handle the Town's financing. Mr. Massiello believes in creating new and better ways to serve his clients in order to meet all of their financing goals and objectives and has a proven track record of doing so. His belief in a high level of personalized service and attention to detail will be self evident by his personal and direct involvement in all facets of the Town's financing process, from financial modeling to personal attendance of meetings and thorough review of all legal documents. We believe that this level of personal attention is a lost craft in an era with overnight mail, the ubiquitous internet and what has proven to be the questionable focus of many financial institutions that seem put their own bottom lines first by creating new ways to make money for themselves instead of focusing on the needs of their clients.

KND is a "boutique" firm employing bright and experienced individuals who are "outside the box" thinkers. We are agile, nimble and highly responsive innovators, consultants and humble servants. We are unrestricted by and not beholden to stockholders, corporate boards, large oversight committees, bureaucratic red-tape or competing internal profit centers. Our sole focus is our clients and their needs, because without them, we could not be in business. Our primary goal is to provide a level of information, detail and advice that empowers our clients to make the choices that are best for them. Having no competing internal divisions, such as a derivatives desk, corporate finance division, private wealth management department or insurance product lines means our advice and structuring recommendations are free from any and all potential conflicts, enabling us to put forth suggestions to our public agency clients that will present them with the best possible options to effectively achieve their financial objectives, not ours.

We believe we will be an excellent choice to provide Investment Banking Services to the Town, and we believe we can and will do an outstanding job if we are fortunate enough to be engaged in that capacity.





Investment Banking

KND distinguishes itself from other firms by focusing on our investment banking operations where designing creative and cost-saving financing methodologies for our public agency clients is the primary objective. From utility revenue bond offerings to public/private partnerships that leverage multiple resources, we consistently develop innovative strategies designed to leverage the strengths and minimize any weaknesses of our public agency clients.

The Investment banking aspect of any transaction is the process undertaken to actually "create" the borrowing. This is the process where the structuring of the issue occurs. Credit ratings, revenue sources, legal pledges, call features and multiple other aspects that come together to ultimately create the security that is to be offered to the investing public are the responsibility of the Investment Banker.

Mr. Massiello pays careful attention to detail and structures debt offerings that best meet his clients' needs and objectives, while balancing the needs of the investing public. Recent examples of his ingenuity and capabilities can best be seen in the disparate financings from issuers such as the El Monte Public Financing Authority Lease Revenue Bonds of 2010, the Water Replenishment District of Southern California Certificates of Participation issue of 2011 and the Isleton Public Financing Authority Refunding Revenue Bond Issue of 2012. Case studies of these three financings are presented below under "Experience".

Underwriting, Sales, Secondary Market Trading and Distribution

Underwriting

Underwriting is the process by which the Sales and Trading department analyzes the security that will be sold in order to determine the best investors to solicit to buy the investment. This begins during the structuring phase, as the investment banker will be discussing the possible security provisions of the loan with the Underwriter throughout the structuring process and seeking his input based on the current requirements and concerns of the investing public. An Underwriter is also a Trader (but not all Traders are Underwriters), so he knows the current tone and condition of the municipal bond market at any given time. The Underwriter's input during the structuring process is indispensable, especially during these times of market volatility.

Rich Eyre is KND's Senior Underwriter and has extensive Underwriting and Trading experience. Mr. Eyre has a proven track record of Underwriting and successfully distributing debt offerings and he has proven his mettle over the past four years during the financial crisis. Numerous periods of challenging markets characterized by pervasive market volatility have been the norm and Mr. Eyre has been an invaluable asset to KND. His experience and knowledge will be a key factor of the structuring process and his sales and marketing capabilities will be indispensable on "pricing day".





By way of example, Mr. Eyre successfully sold a \$1.95 million Wastewater revenue bond for a small issuer despite the severe struggles faced by that issuer's general fund financial position; a \$69 million Water COP during an extremely turbulent market last summer (during the European Debt Crisis and downgrading by S&P of the United States due to the debt ceiling negotiations in Congress); several tax allocation bond issues for redevelopment agencies just days after the Governor announced that he intended to eliminate them; and Build America Bonds during the period at the end of 2010 when the bond market was flooded with tremendous volume (as the BAB program was expiring) which made our smaller sized deals more difficult to sell because \$1+ deals billion were overshadowing our offerings.

This unique experience and capability enables us to maximize the value we bring to the debt issues with which we are entrusted to transact. It is these experiences that make us better bankers and underwriters, translating directly in to better structures and lower borrowing costs while providing our clients with a high degree of confidence in our ability to successfully sell any debt issue, not just the "easy" ones.

Sales and Secondary Market Trading

Mr. Eyre is also responsible for KND's primary market offerings, secondary market-making activities and management of our institutional accounts. Generally speaking, we do not actively trade in the secondary market for profit; we do, however, provide market support to our buy-side clients who may wish to liquidate their position in bonds they previously bought from us. We view this as a service we provide to our clients, as it helps us to maintain strong relationships with the investing public. Keeping our investor clients happy directly benefits our public agency clients because a happy investor will be a repeat investor. Maintaining a strong investor base creates competition for the bonds we bring to market, thereby lowering the borrowing costs to our public agency clients.

Eliminating unnecessary exposure to risks generated by secondary market trading and maintaining our focus on our core business activity of public agency investment banking services enables us to provide a level of service to our clients that we believe is second-to-none. This approach keeps KND's overhead costs low, as carrying bond "inventory" requires more capital, more oversight and more personnel to effectively sell any bonds that we may be holding. We are not in the business of buying bonds; we are in the business of matching investors with investments.

KND also does not maintain an in-house "retails sales force". A retail investor is generally a smaller, individual investor like you or me who would buy bonds in \$25,000 to \$100,000 increments. Retail sales people (colloquially called a "broker" or even "stock broker") cater to this client base. The maintenance of a retail sales force is also incompatible with our business model because retail salespeople require access to a large variety of other financial products (such as equities, annuities, insurance products, etc.) to effectively serve their retail clients. Instead, we leverage the networks of the largest broker-dealers in the State of California to





access retail investors. Instead of maintaining our own in-house retail sales force, we pay the sales charge out of our profits on an as-needed basis, which also keeps our overhead low, resulting in lower borrowing costs for our clients. This approach also has the benefit of generating additional competition for our clients' bonds because multiple external retail sales forces may want to buy the bonds we are offering, which further reducing interest rates. Moreover, the best prices offered generally come from large, institutional investors. If we had an internal sales force, we would then have additional "mouths to feed", which could present a conflict when we suggest how best to structure or distribute our public agency clients' bonds. It could be the case that a bond offering that is best suited for institutional distribution might be structured to maximize retail participation in order to provide an in-house retail sales force with "product" to sell. Maintaining as our core business the structuring and underwriting of municipal debt securities for primary market distribution enables us to focus on the needs of our public agency clients without potential conflicts or distractions.

Distribution

The potential distribution channels for the bonds we structure and underwrite can be divided into three customer categories (some of which have been discussed above): large institutions and municipal bond funds; high net worth individuals and sophisticated investors; and retail sales departments at other investment banks and trust departments catering to the individual investor. A summary of how we utilize these distribution channels to best serve our issuer clients' needs is as follows:

- **Large institutions and municipal bond funds** – The core of our distribution capability is the institutional market which includes insurance company portfolios and mutual funds that invest in municipal bonds. The latter investor types generally consist of "top-tier" bond funds, such as Franklin Templeton, American Century and Oppenheimer, as well as lesser-known (to the "average person") "second tier" institutions and bond funds. We currently cover over 50 of these types of investors, just like every other investment bank in the country. We sell our clients' bonds to all of the same places that the "big boys" do. This is the most likely distribution channel that will be utilized for the Town's bonds, as they will be considered high-grade and low-risk. This type of buyers will buy bonds in multi-million dollar "lots", creating efficiencies in the distribution of the offering, thereby lowering borrowing costs.
- **High net worth individuals and sophisticated investors** – This category of investor includes individuals who are represented by accountants, financial advisors and money managers. The typical individual municipal bond investor is usually looking for preservation of capital, but high net worth individuals and sophisticated investors are, by definition, more sophisticated and capable of their own analysis; therefore, they are more comfortable with a higher level of perceived risk and seek to make a larger return on their investments. It is unlikely that many of the Town's bonds would be sold to these types of





investors, mainly because 1) the large institutions will buy "in bulk" and eat up all the available bonds; and 2) the yields probably won't be high enough for them.

- **Retail sales departments at other investment banks and trust departments** -- This segment of the investing market represents the smaller "retail investor". These are what we would refer to as the "mom and pop" investors who would buy \$25,000 to \$100,000 of bonds at a time. These buyers tend to be the least yield sensitive and are primarily concerned with preservation of principal.

This segment of the market tends to buy shorter maturities of a bond issue in the one to 10 year range. We have relationships with several large retail bond sales operations as well as bank trust departments (not to be confused with a Bond Trustee), giving us access to literally thousands of individual retail investors throughout the State. These investors will likely be buyers of some of the Town's bonds, but will most likely invest in the "front end" maturities that are due to be mature within 10 years. It is a good way for an individual to make an investment that won't take 30 years to mature, preserve their principal and earn some tax-free interest in the process, all while owning a highly liquid security that can be sold at any time should the need arise.

Experience

KND has been underwriting Municipal Bonds in California since 1990, focusing on the smaller and mid-sized public agency issuer throughout our history. We have brought over \$12 billion of financings to market in that time. During his career, Mr. Massiello has advised on or been the investment banker for approximately \$5 billion of securities offerings.

Please see Appendix A for a list of financings that have been completed since 2009.





Presented below are three case studies of recent transactions that illustrate how our structuring capabilities and marketing strengths aided in the sale of California revenue bonds:

- **\$1,950,000 Isleton Public Financing Authority Series 2012 Refunding Revenue Bonds** - The City of Isleton is a very small city in southwestern Sacramento County that is perennially plagued by financial trouble. Several years ago, the City decided to sell taxable revenue bonds against the Wastewater system's revenues in order to transfer money to its General fund and repay numerous creditors who had claims against the City. The issue was floated at a time of very high interest rates. Mr. Massiello identified the issue as a candidate for a refunding, as interest rates have fallen since 2009 when the original bonds were issued. During the structuring/due diligence process, several things were discovered and uncovered that pointed to some severe underlying problems that still existed with the City's finances. Going above and beyond the normal requirements of structuring a bond issue, Mr. Massiello undertook to perform a comprehensive review of all the City's audits and financial statements, discovering several serious errors and issues. While most investment banks and investment bankers would have walked away at that point, especially due to the small size of the issue, Mr. Massiello saw that the City was in dire straits and needed someone to help them. After encouraging the reclassification of many transactions in the financial statements and "getting to the bottom" of the City's overall financial picture, Mr. Massiello was able to structure a new bond offering that increased investor security and isolated the Wastewater fund from the City's General fund, preventing the City from "getting itself into trouble" in the future. This was all accomplished in concert with and with input from the City Council and City staff. Mr. Massiello made numerous appearances at City Council meetings to detail what he had found and to put forth suggestions to rectify the situation. Ultimately, the suggestions to raise rates, borrow additional money to extinguish new debt accumulated by the Wastewater enterprise and provide restrictive covenants in the bond documents were accepted. Despite these steps, the bonds still had a "lot of hair on them", and finding an investor was no small task. Thanks to the creative legal and financial structure of the bonds, in combination with our unparalleled ability to find buyers for distressed credits, the City successfully sold its bonds and put themselves on a path to restoring its fiscal health.

- **\$69,195,000 Water Replenishment District of Southern California 2011 Water Revenue Certificates of Participation** - Mr. Massiello was the Investment Banker on this transaction that was Senior Managed by KND. The District is a unique entity with a highly specialized purpose. Several hurdles presented themselves as KND began the structuring process. First of all, the District is the defendant in several lawsuits alleging that they improperly established their assessment levies in violation of Proposition 218. Thanks to the level of due diligence employed, Mr. Massiello developed a comprehensive understanding of the issues involved with the lawsuits and proposed a structure including capitalized interest that mitigated the concerns over a possible, though unanticipated, negative result from the lawsuits. Additionally, the District was restricted to issuing COPs instead of Bonds,





which many investors were leery of buying due to an inaccurate perception of abatement risk. KND structured this offering as an Installment Purchase Sale, not a lease, eliminating the abatement issue. Additionally, The District came to be in the unfortunate position of needing to close the transaction by a certain date, which forced them to market their COPs during the week following the turmoil created by the delay in the U.S. Congress over raising the debt ceiling. This presented both an opportunity and a risk to the issuer, as bonds were experiencing a wide range of price fluctuation. Mr. Massiello and Mr. Eyre were instrumental in positioning the timing of the issue to capture the momentum created by the ensuing bond rally, achieving a 3.6% TIC on the COPs. Thanks to the long-standing relationships that our trading desk has with investors in the CA capital markets, we were able to properly communicate at length and in depth with several potential buyers to fully explain the nature of the underlying legal structure (Installment Purchase) as well as the additional security features built in to the offering that would mitigate any possible negative implications of the pending lawsuits. The combination of Mr. Massiello's structuring ingenuity, hard work, and dedication to understanding the numerous possible outcomes of the lawsuits, combined with Mr. Eyre's Underwriting and Sales abilities resulted in the successful pricing and closing of this COP transaction at rates that were extremely favorable to the District.

- **El Monte Public Financing Authority, \$14,790,000 Taxable Recovery Zone Economic Development Lease Revenue Bonds, Series 2010A and Taxable Lease Revenue Build America Bonds, Series 2010B** – The City wanted to implement a major development project next to its transit center, which is a hub for all buses that provide service in southern LA County. However, the only eligible property was the site of the City's public works yard. In order to implement their plans, the City needed to acquire new property for its yard and build a new facility. The City received an allocation to issue Recovery Zone Economic Development Bonds ("RZEDBs") under the American Recovery and Reinvestment Act. The RZEDBs are eligible for a subsidy payment from the federal government of 45% of the interest paid on their bonds, but the bonds needed to be issued as "taxable" to the investor. The Build America Bond program was also in place at the time, which offered a 35% subsidy from the federal government, but also if the bonds were issued as taxable. The amount of the allocation for the RZEDBs was insufficient to meet the financing requirements of the project as a whole, and moreover, the City had to utilize several revenue sources from several City agencies and departments in order to afford the debt service on the bonds. Mr. Massiello structured a financing whereby funds from the City's Community Redevelopment Agency, Water fund, Wastewater fund and General fund were all utilized to repay the bonds. The Agency had two new project areas that had no debt against them, and the Water and Wastewater funds were to share in the costs of the new facility, as they are going to be tenants of the yard. The primary issue was the security to the bondholders from these differing revenue sources. In order to maximize investor security and minimize the City's borrowing costs, Mr. Massiello suggested, and the City implemented, a plan whereby other assets of the City (specifically the Civic Center and the old yard) were pledged as collateral for the bonds. Underlying





the "aggregate" bond issues are four agreements with the various entities involved; installment purchase agreements with the Water and Wastewater enterprise funds, representing their share of the debt service payments to be made on the bonds and the pledge of Water and Wastewater revenues to their repayment; a lease agreement with the City, representing the General Fund's share of the lease payments, promising to annually appropriate lease payments representing the General Fund's share of the debt service; and a Cooperation Agreement with the Community Redevelopment Agency, pledging the Tax Increment to be received from the two project areas that were not indebted, as well as any other resources of the Agency as a whole. The structure was complicated enough when redevelopment was still in existence, but it just got trickier with the recent elimination of the existence of redevelopment agencies throughout the state. The issue of whether or not LA County will remit tax increment to the City (as successor agency) for the repayment of this debt has yet to be decided. Based on recent versions of proposed "clean up" legislation pending before the State legislature, it seems that the cooperation agreement that is in place will meet the test for the agreement to be included on the Recognized Obligation Payment Schedule to be approved or disapproved by the LA County Oversight Board. This will bode well for the City and will enable them to receive increment in an amount sufficient to repay the bonds. It was clearly demonstrated in the underlying structure that there is a nexus between the increment to be received and that it has been properly pledged to support a bond issue. Mr. Massiello requested the inclusion of such an agreement during the structuring process, instead of just "relying" on the Agency to annually forward monies to the City to make the bond payments. Moreover, should the obligation be disallowed (which would be an impairment of a contract, in our opinion, and would not hold up in court), the investors are protected because Mr. Massiello also requested that a Deed of Trust be filed with the County representing the pledge of City assets (the Civic Center and other properties) as collateral. If the City fails to make bond payments, the Trustee will have the right to foreclose on City Hall, theoretically, so the investors feel confident that the City will continue to make the lease payments as this is an essential asset.

Moreover, the small size of the borrowing, compared to the multi-hundred million to over \$1 billion bond offerings that were being marketed as the ARRA programs were expiring in late 2010) made it extremely difficult to "get the attention" of the investing public. Despite this tremendous hurdle, we successfully sold and closed the City's bonds, garnering them an interest rate on an issue that only had an average to below average bond rating, of less than 4% overall, after accounting for the federal the subsidy.

The point of this example is to demonstrate our technical ability and ingenuity for structuring debt offerings, as well as our ability to sell such a bond issue in the shadow of AAA-rated billion-dollar offerings. This is the sort of dedication we have to our clients, and this can be brought to work for the Town should Mr. Massiello be retained as the Town's Investment Banker.





References

We encourage you to contact any or all of the following individuals who will be happy to provide the Town with references for both Mr. Massiello and KND:

- Water Replenishment District of Southern California
Robb Whitaker, General Manager
4040 Paramount Blvd.,
Lakewood, CA 90712
T: (562) 921-5521
E: rwhitaker@wrd.org
- City of Isleton
Dan Hinrichs, Interim City Manager
P.O. Box 716
101 Second Street
Isleton, CA 95641-0716
T: (916) 777-7770
E: djhengineering@hughes.net
- Planada Community Services District
Daniel Chavez, General Manager
103 Live Oak Street
P.O. Box 905
Planada, CA 95365
T: (209) 382-0213
E: danl.chavez@sbcglobal.net
- City of El Monte
Jesus Gomez, Assistant City Manager
11333 Valley Boulevard
El Monte, CA. 91731-3293
T: (626) 580-2003
E: jesusgomez@ci.el-monte.ca.us





PROPOSAL

Scope of Services

General

The debt issuance structuring and marketing process for the Town will include, but not be limited to, the following sequence of services:

LISTEN, EVALUATE AND UNDERSTAND THE CLIENT'S FINANCING OBJECTIVES. Mr. Massiello will prepare a tentative transaction outline and time schedule to outline the process where we will study the Town's needs, analyze revenue sources, expenditure requirements (both project and budgetary), and assess credit enhancement viability and availability. This information will be measured against current and anticipated market conditions, resulting in an evaluation or tentative plan that will include a proposed financing instrument responsive to the Town's overall financing goals and objectives, and will include considerations such as the type of debt instrument (Bonds, COPs, etc.), the term of the loan and payment dates, optional redemption features, alternative maturity schedules, the use reserve funds, capitalized interest, amounts and sources of payment for costs of issuance, and any other items specific to the project under analysis.

MEETINGS. When and as requested or appropriate, Mr. Massiello will personally attend and participate in planning and working sessions. This will include, but not be limited to, Staff, Committee and Board meetings as needed or desired.

TRANSACTION DOCUMENTS. The essential elements of the transaction, once negotiated, are compressed into the key transaction documents, such as an indenture, purchase contract, official statement and bonds or other evidence of indebtedness. Mr. Massiello will personally review all documents and advise on key deal points and then supervise and coordinate preparation of the entire package of transaction documents, which concludes with the official statement(s) and purchase contracts.

MARKET AWARENESS. Mr. Massiello will test each of the above steps against current market, interest rate and other financing conditions. Although precise market predictions are impossible, Mr. Massiello and the KND Team will make all relevant information immediately available to the Town so that the ultimate financing, subject to client approval, reflects date-of-sale market opportunities and conditions.

CLOSE THE TRANSACTION. In accordance with the schedule, which is subject to change in response to market conditions, the purchase agreements will be signed and the bonds, or other forms of financing instruments, will then be paid for and delivered. Until the purchase and sale are completed, however, the ultimate decisions concerning interest rates and offering prices remain with the Town. After the sale, the Town sets the closing date and Mr. Massiello will personally supervise the execution of all documents and the delivery of funds.





Specific

Mr. Massiello has previously had the opportunity to interview Town staff and meet with Town officials. Some of the items to be considered and specific services to be provided are summarized below:

- Make a presentation to the bond rating agencies and obtain the best possible credit rating for the Town's debt issue. Based on the following factors, it is our belief that the Town's debt offering should obtain a favorable Credit Rating:
 - o Size of service base of over 5,800 Water and 5,700 Sewer customer/connections
 - o Recent rate increases
 - o Nature of Rate Collections from metered customers and County Billing on the Tax Roll for unmetered customers
 - o The County's "advancing" of the payments for unmetered customers
 - o Historical financial performance
 - o Adopted Reserve policy
 - o Historical fund equity being about 100% of expenditures
- Advise on other security features to enhance to offering's marketability and potential credit rating:
 - o Whether or not to include debt service reserve funds or alternatives such as a surety bond
 - o Advise on the strength of Rate covenants and additional bond tests
 - o Analyze of whether or not to buy municipal bond insurance
- Advise on how to best structure the financing of the overall capital improvement program
 - o Multiple Borrowings vs. one Borrowing
 - o Selling multiple long-term debt issues
 - o Selling short-term "Notes" (generally maturing in 1-3 years)
- Advise on the inclusion and nature of Early Redemption features
 - o The Town anticipates more development to start occurring in about 5 years and may wish to be able to redeem the bonds before maturity
- Advise and analyze the options for the Repayment Schedule
- Advise on the types of debt issuance "Vehicles"
 - o Bonds
 - Would require the use or formation of a Joint Powers Authority
 - o Provide assistance with this process, if so chosen
 - o Certificates of Participation
 - o Other
- Advise on and analyze the various legal considerations, such as:
 - o Net Revenue Pledge
 - o Rate Covenant
 - o Allowance of and procedure for issuing Additional Bonds



- In concert with Bond Counsel, advise on and analyze how to maintain the Town's ability to issue Tax Exempt debt
 - Veolia's Management Contract needs to be analyzed
 - Adoption of a Reimbursement Resolution was previously recommended by Mr. Massiello
- Provide analysis and advice regarding the implications of Prop. 218
 - Assist the Town in presenting separate Water and Sewer Operations, as advised by Bond Counsel
 - Sewer rates must pay for only sewer improvements
 - Water rates must to pay for only water improvements
- Assist in the production of all required Disclosure information
- Provide comparable sales information when the issue comes to market
 - Demonstrate that the proposed interest rates are at current market level
- Provide computer modeling and cash flow analysis of various structuring alternative
 - Please see Appendix B for current projections and suggestions based on recent conversations with Town staff
- Provide a custom tailored solution that will best meet all of the Town's financial goals and objectives

Schedule

Mr. Massiello and KND stand ready to commence work on the transaction immediately should the Town decide to retain us as Underwriter. With that in mind, below please find two possible scenarios for the transaction's schedule. Scenario A attempts to capitalize on the currently very hot bond market by keeping the schedule as "tight" as possible, while Scenario B contemplates an approach that is more drawn out. In any event, the Town will be the one that determines that pace at which the financing will progress. As with every draft schedule, these estimated schedules are also subject to change without notice.



Scenario A

Key:

D = Discovery Bay

RA = Rating Agency

U = Underwriter

I = Bond Insurer (if applicable)

BC = Bond/Disclosure Counsel

DATE	ACTION ITEM	PARTY
May 15	Initial Call to discuss financing	D, BC, U
May 17	Distribute Draft Cash Flow Projections	U
May 21	Distribute Draft Resolution Engaging Finance Team Distribute request to TODB for items/information needed to complete the financing	BC BC, U
May 25	Distribute Draft Bond Documents/Resolutions Comments due on Draft Resolution Engaging Finance Team Distribute to Finance Team items/information requested to complete the financing	BC All D
May 28	Memorial Day Holiday	
May 29	Comments Due on Draft Bond Documents/Resolutions Distribute Draft Preliminary Official Statement ("POS")	All BC
May 31	Proposals/SOQs due to General Manager Distribute Final Resolution Engaging Finance Team to City Council for inclusion on the Agenda for the June 6 Meeting	BC, U BC
June 1	Distribute 2 nd Draft Bond Documents/Resolutions Distribute Credit Package to Rating Agency Distribute Credit Package to Municipal Bond Insurance Agency	BC U U
June 4	Comments Due on Draft POS	All
June 6	REGULARLY SCHEDULED MEETING OF TOWN OF DISCOVERY BAY CSD <i>Board Meets to Consider Approval of proceeding with a Financing and appointing the Finance Team (7pm)</i>	D, BC, U
week of June 11	Credit Presentations to Rating Agency and Insurance Agency (meetings in SF or conference calls)	D, U
June 14	Final Comments due on Bond Resolutions Distribute Bond Documents/Resolutions and POS to City Council for inclusion on the Agenda for the June 20 Meeting	All BC
June 20	All Hands Due Diligence Meeting/Call <i>Final Review of all Documents and entire Transaction (time TBD)</i> REGULARLY SCHEDULED MEETING OF TOWN OF DISCOVERY BAY CSD <i>Board Meets to Consider Approval of Financing (7pm)</i>	All D, BC, U





DATE	ACTION ITEM	PARTY
June 21	Receive Municipal Bond Rating	D, RA
	Receive Qualification for Municipal Bond Insurance	D, I
	Print, Mail and Post POS	DC
	Begin Marketing the Bonds	U
June 26	Pre-Pricing Call	C, U
	<i>Review market conditions and establish preliminary interest rates</i>	
June 27	Pricing Call	C, U
	<i>Execution of Bond Purchase Contract (Sale of Bonds)</i>	C, U, DC
July 4	Independence Day Holiday	
July 18	Pre-Closing (Document Review)	All
July 19	Closing (Purchase of the Bonds by the Underwriter from the CSD)	All

Scenario B

DATE	ACTION ITEM	PARTY
May 15	Initial Call to discuss financing	All
May 17	Distribute Draft Cash Flow Projections	U
May 21	Distribute Draft Resolution Engaging Finance Team	BC
	Distribute request to TODB for items/information needed to complete the financing	U
May 25	Comments due on Draft Resolution Engaging Finance Team	All
May 28	Memorial Day Holiday	
May 31	Proposals/SOQs due to General Manager	BC, U
	Distribute Final Resolution Engaging Finance Team to City Council for inclusion on the Agenda for the July 18 Meeting	BC
June 6	REGULARLY SCHEDULED MEETING OF TOWN OF DISCOVERY BAY CSD <i>Board Meets to Consider Approval of proceeding with a Financing and appointing the Finance Team (7pm)</i>	D, BC, U
June 7	Distribute to Finance Team items/information requested to complete the financing	D
June 11	Distribute Draft Bond Documents/Resolutions	BC
June 14	Comments Due on Draft Bond Documents/Resolutions	All
June 18	Distribute Draft Preliminary Official Statement ("POS")	BC
June 19	Distribute 2 nd Draft Bond Documents/Resolutions	BC





DATE	ACTION ITEM	PARTY
June 21	Comments Due on Draft POS and 2 nd Draft Bond Documents/Resolutions	All
June 22	Distribute 2 nd Draft POS and 3 rd Draft Bond Documents/Resolutions	BC
	Distribute Credit Package to Rating Agency	U
	Distribute Credit Package to Municipal Bond Insurance Agency	U
June 28	Credit Presentations to Rating Agency and Insurance Agency (meetings in SF or conference calls)	D, U
July 4	Independence Day Holiday	
July 10	Final Comments due on Bond Resolutions	All
July 12	Distribute Bond Documents/Resolutions and POS to City Council for inclusion on the Agenda for the July 18 Meeting	BC
July 13	Receive Municipal Bond Rating	D, RA
	Receive Qualification for Municipal Bond Insurance	D, I
July 18	All Hands Due Diligence Meeting/Call	All
	<i>Final Review of all Documents and entire Transaction (time TBD)</i>	
	REGULARLY SCHEDULED MEETING OF TOWN OF DISCOVERY BAY CSD	D, BC, U
	<i>Board Meets to Consider Approval of Financing (7pm)</i>	
July 19	Print, Mail and Post POS	BC
	Begin Marketing the Bonds	U
July 24	Pre-Pricing Call	C, BC, U
	<i>Review market conditions and establish preliminary interest rates</i>	
July 25	Pricing Call	C, U
	<i>Execution of Bond Purchase Contract (Sale of Bonds)</i>	C, U, BC
August 8	Pre-Closing (Document Review)	All
August 9	Closing (Purchase of the Bonds by the Underwriter from the CSD)	All



Proposed Fees

KND will only earn any fees upon the successful completion of a financing. No fees will be charged nor be due or payable should the Town not complete the contemplated financing. Any and all services to be provided or work performed during the course of structuring the transaction will be provided at our own risk in the endeavor to complete the financing.

Certain costs that will be the Town's responsibility and that are customarily not contingent upon the successful completion of a transaction include, but are not limited to, such things as rating agency fees, any publication or printing fees and the fees and expenses of certain third parties hired by the Town. Additionally, the fees of other professionals involved in a financing, such as legal or other professional fees, are the responsibility of the Town to negotiate directly with said third party and are not associated with our proposed fees.

The amount of the underwriter's discount depends on a variety of factors, but is primarily based on the size of the issuance, credit quality (rating) and market conditions at the time of the sale. For all underwriters, the standard underwriter's discount has three components:

- **Management Fee** - Compensates the underwriter for their efforts in creating and implementing the financing package. The amount of the management fee depends on the complexity of the issuance.
- **Takedown** - Represents the compensation paid to the salesperson distributing the bonds as well as possible market risk should any bonds be unsold at the conclusion of the pricing day order period. The amount of the takedown depends on how difficult the bond issuance is to sell to investors.
- **Expenses** - Reimburses the Underwriter for expenses incurred during the development of the financing package and the costs of the actual transaction. The expenses portion represents the physical costs of effecting a pricing, including fees charged by regulatory agencies.





KND proposes the total underwriter's discount as per the breakouts in the tables below, representing some differing general possibilities. Please note that the proposed fees are negotiable, subject to change should unforeseen circumstances arise that result in a material change in the nature of the proposed financing, and are not final until the purchase contract is executed. All fees assume the issuance of debt that is secured by the Net Revenues of the Water or Wastewater System and directly pledged as security by means of an Installment Purchase Contract.

Issue Size Below \$20 million

	AA- through AAA Rated			A- through A+ Rated		
	Percent of Issue Size (%)	Per \$1,000 Issued	\$15 million Issue Size	Percent of Issue Size (%)	Per \$1,000 Issued	\$15 million Issue Size
Mgmt. Fee	0.60%	\$6.00	90,000	0.60%	\$6.00	90,000
Takedown	0.15%	\$1.50	22,500	0.25%	\$2.50	37,500
Expenses	0.06%	\$0.60	8,890	0.06%	\$0.60	8,890
Total	0.81%	\$8.10	121,390	0.91%	\$9.10	136,390

Estimated Expenses

CDIAC	2,250.00	2,250.00
Cusip	500.00	500.00
DTC	500.00	500.00
MSRB	450.00	450.00
MSRB trade fees	150.00	150.00
Tickets	540.00	540.00
Clearing	4,500.00	4,500.00
	<u>8,890.00</u>	<u>8,890.00</u>

Issue Size Above \$20 million

	AA- through AAA Rated			A- through A+ Rated		
	Percent of Issue Size (%)	Per \$1,000 Issued	\$20 million Issue Size	Percent of Issue Size (%)	Per \$1,000 Issued	\$20 million Issue Size
Mgmt. Fee	0.50%	\$5.00	100,000	0.50%	\$5.00	100,000
Takedown	0.15%	\$1.50	30,000	0.25%	\$2.50	50,000
Expenses	0.06%	\$0.60	11,340	0.06%	\$0.60	11,340
Total	0.71%	\$7.10	141,340	0.81%	\$8.10	161,340

Estimated Expenses

CDIAC	3,000.00	3,000.00
Cusip	500.00	500.00
DTC	500.00	500.00
MSRB	600.00	600.00
MSRB trade fees	200.00	200.00
Tickets	540.00	540.00
Clearing	6,000.00	6,000.00
	<u>11,340.00</u>	<u>11,340.00</u>





APPENDIX A
FINANCINGS COMPLETED SINCE 2009





The following table sets forth the financings successfully completed by KND since January, 2009:

<u>Amount</u>	<u>Issue Description</u>	<u>Date</u>	<u>Role</u>
\$12,055,000	Independent Cities Finance Authority Mobile Home Park Revenue Refunding Bonds, Series 2012 A, B & C (Sahara Mobile Home Park, Palm Springs, CA)	5/23/2012	Sole Manager
\$6,995,000	Independent Cities Finance Authority Mobilehome Park Revenue Refunding Bonds, Series 2012 (Rancho Del Sol and Grandview East, Yucaipa, CA)	4/18/2012	Sole Manager
\$3,175,000	Independent Cities Finance Authority (Planada Community Services District) Wastewater Revenue Notes, Issue of 2012	3/30/2012	Sole Manager
\$1,950,000	Isleton Public Financing Authority Series 2012 Wastewater Refunding Revenue Bonds (Federally Taxable)	3/20/2012	Senior Manager
\$62,985,000	Rancho Santiago Community College District 2012 General Obligation Refunding Bonds	3/14/2012	Senior Manager
\$21,660,000	Independent Cities Finance Authority Hospital Revenue Bonds, Series 2012 (Federally Taxable) (Downey Regional Medical Center-Hospital, Inc.)	3/6/2012	Placement Agent
\$10,300,000	Rancho Santiago Community College District 2011 General Obligation Refunding Bonds	12/15/2011	Senior Manager
\$1,660,000	Holtville Public Financing Authority Subordinate Sewer Revenue Notes, 2011	11/17/2011	Sole Manager
\$69,195,000	Water Replenishment District of Southern California 2011 Water Revenue Certificates of Participation	8/31/2011	Senior Manager
\$6,235,000	Independent Cities Finance Authority (Castle Mobile Estates, Capitola), Series 2011A	8/3/2011	Sole Manager
\$470,000	Independent Cities Finance Authority Mobile Home Park Subordinate Revenue Bonds (Castle Mobile Estates, Capitola) Series 2011B (FEDERALLY TAXABLE)	8/3/2011	Sole Manager
\$6,705,000	City of Moorpark Mobile Home Park Revenue Bonds	5/31/2011	Sole Manager
\$375,000	City of Moorpark Taxable Mobile Home Park Revenue Bonds	5/31/2011	Sole Manager
\$1,815,000	Community Redevelopment Agency of the City of Calexico Merged Central Business District and Residential Redevelopment Project Area Tax Allocation Bonds (School District), Series 2011	5/19/2011	Sole Manager
\$4,760,000	Blythe Redevelopment Agency Redevelopment Project No. 1 Tax Allocation Bonds, Series 2011A	2/25/2011	Sole Manager
\$7,120,000	Community Redevelopment Agency of the City of Calexico Merged Central Business District and Residential Redevelopment Project Area Tax Allocation Bonds, Series 2011	2/25/2011	Sole Manager
\$3,220,000	San Bernardino Joint Powers Financing Authority Tax Allocation Bonds (Northwest Redevelopment Project Area) Series 2010B	2/9/2011	Sole Manager
\$580,000	Westmorland Redevelopment Agency Tax Allocation Refunding Bonds Series 2011	1/27/2011	Sole Manager





<u>Amount</u>	<u>Issue Description</u>	<u>Date</u>	<u>Role</u>
\$7,065,000	San Bernardino Joint Powers Financing Authority Tax Allocation Bonds (4th Street Corridor Project Federally Taxable Recovery Zone Economic Development Bonds) Series 2010A	12/23/2010	Sole Manager
\$26,955,000	Delano Financing Authority Lease Revenue Bonds (Police Station and Capital Improvement Projects) Series 2010A	11/17/2010	Sole Manager
\$174,998,901.20	Palomar Community College District (San Diego County, California) General Obligation Bonds, Election of 2006 Series B (Tax-Exempt) and Series B-1 (Build America Bonds) (Federally Taxable)	10/28/2010	Co Manager
\$8,000,000	Lemon Grove Community Development Agency (Lemon Grove Redevelopment Project Area) 2010 Tax Allocation Refunding Bonds	9/16/2010	Sole Manager
\$11,000,000	Salinas City Elementary School District (Monterey County, California) Taxable Certificates of Participation -2010 Series A (Direct Subsidy Qualified School Construction Bonds)	7/14/2010	Sole Manager
\$18,930,000	Independent Cities Lease Finance Authority Mobile Home Park Revenue Bonds (Lamplighter Salinas Mobilehome Park) Series 2010A	7/8/2010	Sole Manager
\$5,495,000	Independent Cities Lease Finance Authority Mobile Home Park Revenue Bonds (Lamplighter Salinas Mobilehome Park) Series 2010B	7/8/2010	Sole Manager
\$67,735,000	Santa Paula Utility Authority Water and Wastewater Revenue Bonds 2010 Series A (Tax Exempt) and Series B Series (Taxable)	2/23/2010	Sole Manager
\$150,000,000	Long Beach Community College District Bond Anticipation Notes 2010 Series A	1/7/2010	Co Manager
\$4,560,000	Paradise Redevelopment Agency Paradise Redevelopment Project 2009 Tax Allocation Refunding Bonds	10/21/2009	Sole Manager
\$10,000,000	County of Siskiyou, California 2009-2010 Tax and Revenue Anticipation Notes (Bank Qualified)	10/14/2009	Sole Manager
\$6,645,000	Pomona Unified School District (County of Los Angeles, California) General Obligation Bonds, Election of 1991, Series G (Escrowed to Maturity)	8/3/2009	Sole Manager
\$10,080,000	Hercules Public Financing Authority Taxable Lease Revenue Bonds, Series 2009 (Bio-Rad Project)	7/29/2009	Sole Manager
\$3,455,000	Denair Unified School District 2009 Bond Anticipation Notes (Bank Qualified)	5/12/2009	Sole Manager
\$8,900,000	Loma Linda Redevelopment Agency 2008 Taxable Housing Tax Allocation Bonds (Loma Linda Redevelopment Project)	4/8/2009	Sole Manager





APPENDIX B

SELECTED CURRENT STRUCTURE OPTIONS





Scenario 1a: Net \$13 million in the Project Fund, 30 Year Repayment

Preliminary

Town of Discovery Bay Community Services District

Proposed 2012 Water and Wastewater Revenue Bonds

\$13MM Project Fund, DSRF, Cap-I, 30y

Issue Summary

Total Issue Sources And Uses

Dated 08/09/2012 | Delivered 08/09/2012

	Water	Sewer	Issue Summary
Sources Of Funds			
Par Amount of Bonds	\$1,655,000.00	\$12,890,000.00	\$14,545,000.00
Total Sources	\$1,655,000.00	\$12,890,000.00	\$14,545,000.00
Uses Of Funds			
Total Underwriter's Discount (0.750%)	12,412.50	96,675.00	109,087.50
Costs of Issuance	15,929.86	124,070.14	140,000.00
Deposit to Debt Service Reserve Fund (DSRF)	99,940.00	766,130.00	866,070.00
Deposit to Capitalized Interest (CIF) Fund	48,119.17	374,978.69	423,097.86
Deposit to Project Construction Fund	1,476,000.00	11,524,000.00	13,000,000.00
Rounding Amount	2,598.47	4,146.17	6,744.64
Total Uses	\$1,655,000.00	\$12,890,000.00	\$14,545,000.00

\$13MM Project Fund, DSRF, | Issue Summary | 8/24/2012 | 3:14 PM

KND Investment Banking
Dan Massiello-Public Finance





Preliminary

Town of Discovery Bay Community Services District

Proposed 2012 Water and Wastewater Revenue Bonds

\$13MM Project Fund, DSRF, Cap-I, 30y

Issue Summary

Net Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	DSR	CIF	Net New D/S
06/30/2013	-	-	423,097.86	423,097.86	-	(423,097.86)	-
06/30/2014	325,000.00	-	520,733.75	845,733.75	-	-	845,733.75
06/30/2015	325,000.00	-	518,540.00	843,540.00	-	-	843,540.00
06/30/2016	335,000.00	-	515,565.00	850,565.00	-	-	850,565.00
06/30/2017	335,000.00	-	511,880.00	846,880.00	-	-	846,880.00
06/30/2018	340,000.00	-	507,490.00	847,490.00	-	-	847,490.00
06/30/2019	345,000.00	-	502,177.50	847,177.50	-	-	847,177.50
06/30/2020	350,000.00	-	495,832.50	845,832.50	-	-	845,832.50
06/30/2021	355,000.00	-	488,515.00	843,515.00	-	-	843,515.00
06/30/2022	365,000.00	-	480,230.00	845,230.00	-	-	845,230.00
06/30/2023	380,000.00	-	470,815.00	850,815.00	-	-	850,815.00
06/30/2024	390,000.00	-	457,590.00	847,590.00	-	-	847,590.00
06/30/2025	405,000.00	-	440,895.00	845,895.00	-	-	845,895.00
06/30/2026	425,000.00	-	423,465.00	848,465.00	-	-	848,465.00
06/30/2027	440,000.00	-	405,300.00	845,300.00	-	-	845,300.00
06/30/2028	465,000.00	-	386,295.00	851,295.00	-	-	851,295.00
06/30/2029	480,000.00	-	366,450.00	846,450.00	-	-	846,450.00
06/30/2030	500,000.00	-	345,870.00	845,870.00	-	-	845,870.00
06/30/2031	525,000.00	-	324,345.00	849,345.00	-	-	849,345.00
06/30/2032	545,000.00	-	301,875.00	846,875.00	-	-	846,875.00
06/30/2033	570,000.00	-	278,460.00	848,460.00	-	-	848,460.00
06/30/2034	590,000.00	-	254,100.00	844,100.00	-	-	844,100.00
06/30/2035	620,000.00	-	228,690.00	848,690.00	-	-	848,690.00
06/30/2036	645,000.00	-	202,125.00	847,125.00	-	-	847,125.00
06/30/2037	670,000.00	-	174,510.00	844,510.00	-	-	844,510.00
06/30/2038	700,000.00	-	145,740.00	845,740.00	-	-	845,740.00
06/30/2039	735,000.00	-	115,605.00	850,605.00	-	-	850,605.00
06/30/2040	760,000.00	-	84,210.00	844,210.00	-	-	844,210.00
06/30/2041	795,000.00	-	51,555.00	846,555.00	-	-	846,555.00
06/30/2042	830,000.00	-	17,430.00	847,430.00	(866,070.00)	-	(18,640.00)
Total	\$14,545,000.00	-	\$10,439,386.61	\$24,984,386.61	(866,070.00)	(423,097.86)	\$23,695,218.75

\$13MM Project Fund, DSRF, | Issue Summary | 5/24/2012 | 3:14 PM

KND Investment Banking
Dan Massiello-Public Finance





Preliminary

Town of Discovery Bay Community Services District

Proposed 2012 Water and Wastewater Revenue Bonds

\$13MM Project Fund, DSRF, Cap-I, 30y

Issue Summary

Pricing Summary

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price	Dollar Price
12/01/2013	Serial Coupon	0.550%	0.550%	325,000.00	100.000%	325,000.00
12/01/2014	Serial Coupon	0.800%	0.800%	325,000.00	100.000%	325,000.00
12/01/2015	Serial Coupon	1.000%	1.000%	335,000.00	100.000%	335,000.00
12/01/2016	Serial Coupon	1.200%	1.200%	335,000.00	100.000%	335,000.00
12/01/2017	Serial Coupon	1.400%	1.400%	340,000.00	100.000%	340,000.00
12/01/2018	Serial Coupon	1.700%	1.700%	345,000.00	100.000%	345,000.00
12/01/2019	Serial Coupon	1.950%	1.950%	350,000.00	100.000%	350,000.00
12/01/2020	Serial Coupon	2.200%	2.200%	355,000.00	100.000%	355,000.00
12/01/2021	Serial Coupon	2.400%	2.400%	365,000.00	100.000%	365,000.00
12/01/2022	Serial Coupon	2.650%	2.650%	380,000.00	100.000%	380,000.00
12/01/2041	Term I Coupon	4.200%	4.200%	11,090,000.00	100.000%	11,090,000.00
Total	-	-	-	\$14,545,000.00	-	\$14,545,000.00

Bid Information

Par Amount of Bonds	\$14,545,000.00
Gross Production	\$14,545,000.00
Total Underwriter's Discount (0.750%)	\$(109,087.50)
Bid (99.250%)	14,435,912.50
Total Purchase Price	\$14,435,912.50
Bond Year Dollars	\$259,590.11
Average Life	17.847 Years
Average Coupon	4.0214886%
Net Interest Cost (NIC)	4.0635115%
True Interest Cost (TIC)	4.0309023%

\$13MM Project Fund, DSRF, | Issue Summary | 5/24/2012 | 3:11 PM

KND Investment Banking
Dan Massiello-Public Finance





Scenario 1b: Net \$13 million in the Project Fund, 20 Year Repayment

Preliminary

Town of Discovery Bay Community Services District

Proposed 2012 Water and Wastewater Revenue Bonds

\$13MM Project Fund, DSRF, Cap-I, 20y

Issue Summary

Total Issue Sources And Uses

Dated 08/09/2012 | Delivered 08/09/2012

	Water	Sewer	Issue Summary
Sources Of Funds			
Par Amount of Bonds	\$1,665,000.00	\$12,950,000.00	\$14,615,000.00
Total Sources	\$1,665,000.00	\$12,950,000.00	\$14,615,000.00
Uses Of Funds			
Total Underwriter's Discount (0.750%)	12,487.50	97,125.00	109,612.50
Costs of Issuance	15,949.37	124,050.63	140,000.00
Deposit to Debt Service Reserve Fund (DSRF)	120,442.50	922,125.00	1,042,567.50
Deposit to Capitalized Interest (CIF) Fund	35,871.39	279,253.39	315,124.78
Deposit to Project Construction Fund	1,476,000.00	11,524,000.00	13,000,000.00
Rounding Amount	4,249.24	3,445.98	7,695.22
Total Uses	\$1,665,000.00	\$12,950,000.00	\$14,615,000.00

\$13MM Project Fund, DSRF, | Issue Summary | 5/24/2012 | 3:11 PM

KND Investment Banking
Dan Massiello - Public Finance





Preliminary

Town of Discovery Bay Community Services District

Proposed 2012 Water and Wastewater Revenue Bonds

\$13MM Project Fund, DSRF, Cap-I, 20y

Issue Summary

Net Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	DSR	CIF	Net New D/S
06/30/2013	-	-	315,124.78	315,124.78	-	(315,124.78)	-
06/30/2014	635,000.00	-	386,763.75	1,021,763.75	-	-	1,021,763.75
06/30/2015	640,000.00	-	382,457.50	1,022,457.50	-	-	1,022,457.50
06/30/2016	645,000.00	-	376,672.50	1,021,672.50	-	-	1,021,672.50
06/30/2017	655,000.00	-	369,517.50	1,024,517.50	-	-	1,024,517.50
06/30/2018	660,000.00	-	360,967.50	1,020,967.50	-	-	1,020,967.50
06/30/2019	670,000.00	-	350,652.50	1,020,652.50	-	-	1,020,652.50
06/30/2020	685,000.00	-	338,278.75	1,023,278.75	-	-	1,023,278.75
06/30/2021	700,000.00	-	323,900.00	1,023,900.00	-	-	1,023,900.00
06/30/2022	715,000.00	-	307,620.00	1,022,620.00	-	-	1,022,620.00
06/30/2023	735,000.00	-	289,301.25	1,024,301.25	-	-	1,024,301.25
06/30/2024	755,000.00	-	266,161.25	1,021,161.25	-	-	1,021,161.25
06/30/2025	785,000.00	-	238,826.25	1,023,826.25	-	-	1,023,826.25
06/30/2026	810,000.00	-	210,515.00	1,020,515.00	-	-	1,020,515.00
06/30/2027	840,000.00	-	181,227.50	1,021,227.50	-	-	1,021,227.50
06/30/2028	870,000.00	-	150,875.00	1,020,875.00	-	-	1,020,875.00
06/30/2029	905,000.00	-	119,368.75	1,024,368.75	-	-	1,024,368.75
06/30/2030	935,000.00	-	86,708.75	1,021,708.75	-	-	1,021,708.75
06/30/2031	970,000.00	-	52,895.00	1,022,895.00	-	-	1,022,895.00
06/30/2032	1,005,000.00	-	17,838.75	1,022,838.75	(1,042,567.50)	-	(19,728.75)
Total	\$14,615,000.00	-	\$5,125,672.28	\$19,740,672.28	(1,042,567.50)	(315,124.78)	\$18,382,980.00

\$13MM Project Fund, DSRF, | Issue Summary | 5/24/2012 | 3:14 PM

KND Investment Banking
Dan Massiello-Public Finance





Preliminary

Town of Discovery Bay Community Services District

Proposed 2012 Water and Wastewater Revenue Bonds

\$13MM Project Fund, DSRF, Cap-I, 20y

Issue Summary

Pricing Summary

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price	Dollar Price
12/01/2013	Serial Coupon	0.550%	0.550%	635,000.00	100.000%	635,000.00
12/01/2014	Serial Coupon	0.800%	0.800%	640,000.00	100.000%	640,000.00
12/01/2015	Serial Coupon	1.000%	1.000%	645,000.00	100.000%	645,000.00
12/01/2016	Serial Coupon	1.200%	1.200%	655,000.00	100.000%	655,000.00
12/01/2017	Serial Coupon	1.400%	1.400%	660,000.00	100.000%	660,000.00
12/01/2018	Serial Coupon	1.700%	1.700%	670,000.00	100.000%	670,000.00
12/01/2019	Serial Coupon	1.950%	1.950%	685,000.00	100.000%	685,000.00
12/01/2020	Serial Coupon	2.200%	2.200%	700,000.00	100.000%	700,000.00
12/01/2021	Serial Coupon	2.400%	2.400%	715,000.00	100.000%	715,000.00
12/01/2022	Serial Coupon	2.650%	2.650%	735,000.00	100.000%	735,000.00
12/01/2031	Term 1 Coupon	3.550%	3.550%	7,875,000.00	100.000%	7,875,000.00
Total	-	-	-	\$14,615,000.00	-	\$14,615,000.00

Bid Information

Par Amount of Bonds	\$14,615,000.00
Gross Production	\$14,615,000.00
Total Underwriter's Discount (0.750%)	\$(109,612.50)
Bid (99.250%)	14,505,387.50
Total Purchase Price	\$14,505,387.50
Bond Year Dollars	\$162,511.89
Average Life	11.120 Years
Average Coupon	3.1540291%
Net Interest Cost (NIC)	3.2214780%
True Interest Cost (TIC)	3.1923993%

\$13MM Project Fund, DSRF, | Issue Summary | 5/24/2012 | 3:11 PM

KND Investment Banking
Dan Massiello-Public Finance





Scenario 2a: Net \$14.7 million in the Project Fund, 30 Year Repayment

Preliminary

Town of Discovery Bay Community Services District

Proposed 2012 Water and Wastewater Revenue Bonds

\$14.7MM Project Fund, DSRF, Cap-I, 30y

Issue Summary

Total Issue Sources And Uses

Dated 08/09/2012 | Delivered 08/09/2012

	Water	Sewer	Issue Summary
Sources Of Funds			
Par Amount of Bonds	\$1,655,000.00	\$14,770,000.00	\$16,425,000.00
Total Sources	\$1,655,000.00	\$14,770,000.00	\$16,425,000.00
Uses Of Funds			
Total Underwriter's Discount (0.750%)	12,412.50	110,775.00	123,187.50
Costs of Issuance	14,106.56	125,893.44	140,000.00
Deposit to Debt Service Reserve Fund (DSRF)	99,940.00	879,300.00	979,240.00
Deposit to Capitalized Interest (CIF) Fund	48,119.17	429,602.97	477,722.14
Deposit to Project Construction Fund	1,476,000.00	13,224,000.00	14,700,000.00
Rounding Amount	4,421.77	428.59	4,850.36
Total Uses	\$1,655,000.00	\$14,770,000.00	\$16,425,000.00

\$14.7MM Project Fund, DSR | Issue Summary | 8/24/2012 | 3:14 PM

KND Investment Banking
Dan Massiello-Public Finance





Preliminary

Town of Discovery Bay Community Services District

Proposed 2012 Water and Wastewater Revenue Bonds

\$14.7MM Project Fund, DSRF, Cap-I, 30y

Issue Summary

Net Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	DSR	CIF	Net New D/S
06/30/2013	-	-	477,722.14	477,722.14	-	(477,722.14)	-
06/30/2014	365,000.00	-	587,968.75	952,968.75	-	-	952,968.75
06/30/2015	370,000.00	-	585,485.00	955,485.00	-	-	955,485.00
06/30/2016	375,000.00	-	582,130.00	957,130.00	-	-	957,130.00
06/30/2017	380,000.00	-	577,975.00	957,975.00	-	-	957,975.00
06/30/2018	385,000.00	-	573,000.00	958,000.00	-	-	958,000.00
06/30/2019	390,000.00	-	566,990.00	956,990.00	-	-	956,990.00
06/30/2020	395,000.00	-	559,823.75	954,823.75	-	-	954,823.75
06/30/2021	405,000.00	-	551,517.50	956,517.50	-	-	956,517.50
06/30/2022	415,000.00	-	542,082.50	957,082.50	-	-	957,082.50
06/30/2023	425,000.00	-	531,471.25	956,471.25	-	-	956,471.25
06/30/2024	440,000.00	-	516,600.00	956,600.00	-	-	956,600.00
06/30/2025	455,000.00	-	497,805.00	952,805.00	-	-	952,805.00
06/30/2026	480,000.00	-	478,170.00	958,170.00	-	-	958,170.00
06/30/2027	500,000.00	-	457,590.00	957,590.00	-	-	957,590.00
06/30/2028	525,000.00	-	436,065.00	961,065.00	-	-	961,065.00
06/30/2029	545,000.00	-	413,595.00	958,595.00	-	-	958,595.00
06/30/2030	565,000.00	-	390,285.00	955,285.00	-	-	955,285.00
06/30/2031	590,000.00	-	366,030.00	956,030.00	-	-	956,030.00
06/30/2032	615,000.00	-	340,725.00	955,725.00	-	-	955,725.00
06/30/2033	640,000.00	-	314,370.00	954,370.00	-	-	954,370.00
06/30/2034	665,000.00	-	286,965.00	951,965.00	-	-	951,965.00
06/30/2035	700,000.00	-	258,300.00	958,300.00	-	-	958,300.00
06/30/2036	730,000.00	-	228,270.00	958,270.00	-	-	958,270.00
06/30/2037	760,000.00	-	196,980.00	956,980.00	-	-	956,980.00
06/30/2038	790,000.00	-	164,430.00	954,430.00	-	-	954,430.00
06/30/2039	825,000.00	-	130,515.00	955,515.00	-	-	955,515.00
06/30/2040	860,000.00	-	95,130.00	955,130.00	-	-	955,130.00
06/30/2041	900,000.00	-	58,170.00	958,170.00	-	-	958,170.00
06/30/2042	935,000.00	-	19,635.00	954,635.00	(979,240.00)	-	(24,605.00)
Total	\$16,425,000.00	-	\$11,785,795.89	\$28,210,795.89	(979,240.00)	(477,722.14)	\$26,753,833.75

\$14.7MM Project Fund, DSR | Issue Summary | 5/24/2012 | 3:14 PM

KND Investment Banking
Dan Massiello-Public Finance





Preliminary

Town of Discovery Bay Community Services District

Proposed 2012 Water and Wastewater Revenue Bonds

\$14.7MM Project Fund, DSRF, Cap-I, 30y

Issue Summary

Pricing Summary

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price	Dollar Price
12/01/2013	Serial Coupon	0.550%	0.550%	365,000.00	100.000%	365,000.00
12/01/2014	Serial Coupon	0.800%	0.800%	370,000.00	100.000%	370,000.00
12/01/2015	Serial Coupon	1.000%	1.000%	375,000.00	100.000%	375,000.00
12/01/2016	Serial Coupon	1.200%	1.200%	380,000.00	100.000%	380,000.00
12/01/2017	Serial Coupon	1.400%	1.400%	385,000.00	100.000%	385,000.00
12/01/2018	Serial Coupon	1.700%	1.700%	390,000.00	100.000%	390,000.00
12/01/2019	Serial Coupon	1.950%	1.950%	395,000.00	100.000%	395,000.00
12/01/2020	Serial Coupon	2.200%	2.200%	405,000.00	100.000%	405,000.00
12/01/2021	Serial Coupon	2.400%	2.400%	415,000.00	100.000%	415,000.00
12/01/2022	Serial Coupon	2.650%	2.650%	425,000.00	100.000%	425,000.00
12/01/2041	Term 1 Coupon	4.200%	4.200%	12,520,000.00	100.000%	12,520,000.00
Total	-	-	-	\$16,425,000.00	-	\$16,425,000.00

Bid Information

Par Amount of Bonds	\$16,425,000.00
Gross Production	\$16,425,000.00
Total Underwriter's Discount (0.750%)	\$(123,187.50)
Bid (99.250%)	16,301,812.50
Total Purchase Price	\$16,301,812.50
Bond Year Dollars	\$293,090.00
Average Life	17.844 Years
Average Coupon	4.0212207%
Net Interest Cost (NIC)	4.0632514%
True Interest Cost (TIC)	4.0305741%

\$14.7MM Project Fund, DSR | Issue Summary | 5/24/2012 | 3:11 PM

KND Investment Banking
Dan Massiello-Public Finance





Scenario 2b: Net \$14.7 million in the Project Fund, 20 Year Repayment

Preliminary

Town of Discovery Bay Community Services District

Proposed 2012 Water and Wastewater Revenue Bonds

\$14.7MM Project Fund, DSRF, Cap-I, 20y

Issue Summary

Total Issue Sources And Uses

Dated 08/09/2012 | Delivered 08/09/2012

	Water	Sewer	Issue Summary
Sources Of Funds			
Par Amount of Bonds	\$1,660,000.00	\$14,840,000.00	\$16,500,000.00
Total Sources	\$1,660,000.00	\$14,840,000.00	\$16,500,000.00
Uses Of Funds			
Total Underwriter's Discount (0.750%)	12,450.00	111,300.00	123,750.00
Costs of Issuance	14,084.85	125,915.15	140,000.00
Deposit to Debt Service Reserve Fund (DSRF)	119,087.50	1,056,210.00	1,175,297.50
Deposit to Capitalized Interest (CIF) Fund	35,727.42	320,009.69	355,737.11
Deposit to Project Construction Fund	1,476,000.00	13,224,000.00	14,700,000.00
Rounding Amount	2,650.23	2,565.16	5,215.39
Total Uses	\$1,660,000.00	\$14,840,000.00	\$16,500,000.00

\$14.7MM Project Fund, DSR | Issue Summary | 5/24/2012 | 3:11 PM

KND Investment Banking
Dan Massiello-Public Finance





Preliminary

Town of Discovery Bay Community Services District

Proposed 2012 Water and Wastewater Revenue Bonds

\$14.7MM Project Fund, DSRF, Cap-I, 20y

Issue Summary

Net Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	DSR	CIF	Net New D/S
06/30/2013	-	-	355,737.11	355,737.11	-	(355,737.11)	-
06/30/2014	715,000.00	-	436,613.75	1,151,613.75	-	-	1,151,613.75
06/30/2015	725,000.00	-	431,747.50	1,156,747.50	-	-	1,156,747.50
06/30/2016	730,000.00	-	425,197.50	1,155,197.50	-	-	1,155,197.50
06/30/2017	740,000.00	-	417,107.50	1,157,107.50	-	-	1,157,107.50
06/30/2018	745,000.00	-	407,452.50	1,152,452.50	-	-	1,152,452.50
06/30/2019	755,000.00	-	395,820.00	1,150,820.00	-	-	1,150,820.00
06/30/2020	775,000.00	-	381,846.25	1,156,846.25	-	-	1,156,846.25
06/30/2021	790,000.00	-	365,600.00	1,155,600.00	-	-	1,155,600.00
06/30/2022	805,000.00	-	347,250.00	1,152,250.00	-	-	1,152,250.00
06/30/2023	830,000.00	-	326,592.50	1,156,592.50	-	-	1,156,592.50
06/30/2024	855,000.00	-	300,418.75	1,155,418.75	-	-	1,155,418.75
06/30/2025	885,000.00	-	269,533.75	1,154,533.75	-	-	1,154,533.75
06/30/2026	915,000.00	-	237,583.75	1,152,583.75	-	-	1,152,583.75
06/30/2027	950,000.00	-	204,480.00	1,154,480.00	-	-	1,154,480.00
06/30/2028	985,000.00	-	170,133.75	1,155,133.75	-	-	1,155,133.75
06/30/2029	1,015,000.00	-	134,633.75	1,149,633.75	-	-	1,149,633.75
06/30/2030	1,055,000.00	-	97,891.25	1,152,891.25	-	-	1,152,891.25
06/30/2031	1,095,000.00	-	59,728.75	1,154,728.75	-	-	1,154,728.75
06/30/2032	1,135,000.00	-	20,146.25	1,155,146.25	(1,175,297.50)	-	(20,151.25)
Total	\$16,500,000.00	-	\$5,785,514.61	\$22,285,514.61	(1,175,297.50)	(355,737.11)	\$20,754,480.00

\$14.7MM Project Fund, DSR | Issue Summary | 5/24/2012 | 3:11 PM

KND Investment Banking
Dan Massiello-Public Finance





Preliminary

Town of Discovery Bay Community Services District

Proposed 2012 Water and Wastewater Revenue Bonds

\$14.7MM Project Fund, DSRF, Cap-I, 20y

Issue Summary

Pricing Summary

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price	Dollar Price
12/01/2013	Serial Coupon	0.550%	0.550%	715,000.00	100.000%	715,000.00
12/01/2014	Serial Coupon	0.800%	0.800%	725,000.00	100.000%	725,000.00
12/01/2015	Serial Coupon	1.000%	1.000%	730,000.00	100.000%	730,000.00
12/01/2016	Serial Coupon	1.200%	1.200%	740,000.00	100.000%	740,000.00
12/01/2017	Serial Coupon	1.400%	1.400%	745,000.00	100.000%	745,000.00
12/01/2018	Serial Coupon	1.700%	1.700%	755,000.00	100.000%	755,000.00
12/01/2019	Serial Coupon	1.950%	1.950%	775,000.00	100.000%	775,000.00
12/01/2020	Serial Coupon	2.200%	2.200%	790,000.00	100.000%	790,000.00
12/01/2021	Serial Coupon	2.400%	2.400%	805,000.00	100.000%	805,000.00
12/01/2022	Serial Coupon	2.650%	2.650%	830,000.00	100.000%	830,000.00
12/01/2031	Term 1 Coupon	3.550%	3.550%	8,890,000.00	100.000%	8,890,000.00
Total	-	-	-	\$16,500,000.00	-	\$16,500,000.00

Bid Information

Par Amount of Bonds	\$16,500,000.00
Gross Production	\$16,500,000.00
Total Underwriter's Discount (0.750%)	\$(123,750.00)
Bid (99.250%)	16,376,250.00
Total Purchase Price	\$16,376,250.00
Bond Year Dollars	\$183,438.33
Average Life	11.117 Years
Average Coupon	3.1539289%
Net Interest Cost (NIC)	3.2213903%
True Interest Cost (TIC)	3.1923000%

\$14.7MM Project Fund, DSR | Issue Summary | 5/24/2012 | 3:14 PM

KND Investment Banking
Dan Massiello-Public Finance





Scenario 3a: Net \$20.55 million in the Project Fund, 30 Year Repayment

Preliminary

Town of Discovery Bay Community Services District

Proposed 2012 Water and Wastewater Revenue Bonds

Funding all CIP Projects, DSRF, Cap-I, 30y

Issue Summary

Total Issue Sources And Uses

Dated 08/09/2012 | Delivered 08/09/2012

	Water	Sewer	Issue Summary
Sources Of Funds			
Par Amount of Bonds	\$5,245,000.00	\$17,625,000.00	\$22,870,000.00
Total Sources	\$5,245,000.00	\$17,625,000.00	\$22,870,000.00
Uses Of Funds			
Total Underwriter's Discount (0.650%)	34,092.50	114,562.50	148,655.00
Costs of Issuance	32,107.57	107,892.43	140,000.00
Deposit to Debt Service Reserve Fund (DSRF)	312,960.00	1,047,740.00	1,360,700.00
Deposit to Capitalized Interest (CIF) Fund	152,537.56	512,603.97	665,141.53
Deposit to Project Construction Fund	4,711,200.00	15,840,000.00	20,551,200.00
Rounding Amount	2,102.37	2,201.10	4,303.47
Total Uses	\$5,245,000.00	\$17,625,000.00	\$22,870,000.00

Funding all CIP Projects, | Issue Summary | 8/24/2012 | 3:18 PM

KND Investment Banking
Dan Massiello-Public Finance





Preliminary

Town of Discovery Bay Community Services District

Proposed 2012 Water and Wastewater Revenue Bonds

Funding all CIP Projects, DSRF, Cap-I, 30y

Issue Summary

Net Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	DSR	CIF	Net New D/S
06/30/2013	-	-	665,141.53	665,141.53	-	(665,141.53)	-
06/30/2014	515,000.00	-	818,621.25	1,333,621.25	-	-	1,333,621.25
06/30/2015	520,000.00	-	815,125.00	1,335,125.00	-	-	1,335,125.00
06/30/2016	520,000.00	-	810,445.00	1,330,445.00	-	-	1,330,445.00
06/30/2017	525,000.00	-	804,695.00	1,329,695.00	-	-	1,329,695.00
06/30/2018	530,000.00	-	797,835.00	1,327,835.00	-	-	1,327,835.00
06/30/2019	545,000.00	-	789,492.50	1,334,492.50	-	-	1,334,492.50
06/30/2020	550,000.00	-	779,497.50	1,329,497.50	-	-	1,329,497.50
06/30/2021	565,000.00	-	767,920.00	1,332,920.00	-	-	1,332,920.00
06/30/2022	575,000.00	-	754,805.00	1,329,805.00	-	-	1,329,805.00
06/30/2023	590,000.00	-	740,087.50	1,330,087.50	-	-	1,330,087.50
06/30/2024	610,000.00	-	719,460.00	1,329,460.00	-	-	1,329,460.00
06/30/2025	635,000.00	-	693,315.00	1,328,315.00	-	-	1,328,315.00
06/30/2026	670,000.00	-	665,910.00	1,335,910.00	-	-	1,335,910.00
06/30/2027	695,000.00	-	637,245.00	1,332,245.00	-	-	1,332,245.00
06/30/2028	725,000.00	-	607,425.00	1,332,425.00	-	-	1,332,425.00
06/30/2029	755,000.00	-	576,345.00	1,331,345.00	-	-	1,331,345.00
06/30/2030	785,000.00	-	544,005.00	1,329,005.00	-	-	1,329,005.00
06/30/2031	825,000.00	-	510,195.00	1,335,195.00	-	-	1,335,195.00
06/30/2032	855,000.00	-	474,915.00	1,329,915.00	-	-	1,329,915.00
06/30/2033	895,000.00	-	438,165.00	1,333,165.00	-	-	1,333,165.00
06/30/2034	935,000.00	-	399,735.00	1,334,735.00	-	-	1,334,735.00
06/30/2035	975,000.00	-	359,625.00	1,334,625.00	-	-	1,334,625.00
06/30/2036	1,010,000.00	-	317,940.00	1,327,940.00	-	-	1,327,940.00
06/30/2037	1,055,000.00	-	274,575.00	1,329,575.00	-	-	1,329,575.00
06/30/2038	1,105,000.00	-	229,215.00	1,334,215.00	-	-	1,334,215.00
06/30/2039	1,150,000.00	-	181,860.00	1,331,860.00	-	-	1,331,860.00
06/30/2040	1,200,000.00	-	132,510.00	1,332,510.00	-	-	1,332,510.00
06/30/2041	1,250,000.00	-	81,060.00	1,331,060.00	-	-	1,331,060.00
06/30/2042	1,305,000.00	-	27,405.00	1,332,405.00	(1,360,700.00)	-	(28,295.00)
Total	\$22,870,000.00	-	\$16,414,570.28	\$39,284,570.28	(1,360,700.00)	(665,141.53)	\$37,258,728.75





Preliminary

Town of Discovery Bay Community Services District

Proposed 2012 Water and Wastewater Revenue Bonds

Funding all CIP Projects, DSRF, Cap-I, 30y

Issue Summary

Pricing Summary

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price	Dollar Price
12/01/2013	Serial Coupon	0.550%	0.550%	515,000.00	100.000%	515,000.00
12/01/2014	Serial Coupon	0.800%	0.800%	520,000.00	100.000%	520,000.00
12/01/2015	Serial Coupon	1.000%	1.000%	520,000.00	100.000%	520,000.00
12/01/2016	Serial Coupon	1.200%	1.200%	525,000.00	100.000%	525,000.00
12/01/2017	Serial Coupon	1.400%	1.400%	530,000.00	100.000%	530,000.00
12/01/2018	Serial Coupon	1.700%	1.700%	545,000.00	100.000%	545,000.00
12/01/2019	Serial Coupon	1.950%	1.950%	550,000.00	100.000%	550,000.00
12/01/2020	Serial Coupon	2.200%	2.200%	565,000.00	100.000%	565,000.00
12/01/2021	Serial Coupon	2.400%	2.400%	575,000.00	100.000%	575,000.00
12/01/2022	Serial Coupon	2.650%	2.650%	590,000.00	100.000%	590,000.00
12/01/2041	Term 1 Coupon	4.200%	4.200%	17,435,000.00	100.000%	17,435,000.00
Total	-	-	-	\$22,870,000.00	-	\$22,870,000.00

Bid Information

Par Amount of Bonds	\$22,870,000.00
Gross Production	\$22,870,000.00
Total Underwriter's Discount (0.650%)	\$(148,655.00)
Bid (99.350%)	22,721,345.00
Total Purchase Price	\$22,721,345.00
Bond Year Dollars	\$408,165.11
Average Life	17.847 Years
Average Coupon	4.0215515%
Net Interest Cost (NIC)	4.0579718%
True Interest Cost (TIC)	4.0226484%

Funding all CIP Projects, | Issue Summary | 5/24/2012 | 3:13 PM

KND Investment Banking

Dan Massiello-Public Finance





Scenario 3b: Net \$20.55 million in the Project Fund, 20 Year Repayment

Preliminary

Town of Discovery Bay Community Services District

Proposed 2012 Water and Wastewater Revenue Bonds

Funding all CIP Projects, DSRF, Cap-I, 20y

Issue Summary

Total Issue Sources And Uses

Dated 08/09/2012 | Delivered 08/09/2012

	Water	Sewer	Issue Summary
Sources Of Funds			
Par Amount of Bonds	\$5,270,000.00	\$17,705,000.00	\$22,975,000.00
Total Sources	\$5,270,000.00	\$17,705,000.00	\$22,975,000.00
Uses Of Funds			
Total Underwriter's Discount (0.650%)	34,255.00	115,082.50	149,337.50
Costs of Issuance	32,113.17	107,886.83	140,000.00
Deposit to Debt Service Reserve Fund (DSRF)	376,117.50	1,260,137.50	1,636,255.00
Deposit to Capitalized Interest (CIF) Fund	113,616.39	381,820.42	495,436.81
Deposit to Project Construction Fund	4,711,200.00	15,840,000.00	20,551,200.00
Rounding Amount	2,697.94	72.75	2,770.69
Total Uses	\$5,270,000.00	\$17,705,000.00	\$22,975,000.00

Funding all CIP Projects, | Issue Summary | 8/24/2012 | 3:13 PM

KND Investment Banking
Dan Massiello-Public Finance





Preliminary

Town of Discovery Bay Community Services District

Proposed 2012 Water and Wastewater Revenue Bonds

Funding all CIP Projects, DSRE, Cap-I, 20y

Issue Summary

Net Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	DSR	CIF	Net New D/S
12/01/2012	-	-	190,030.56	190,030.56	-	(190,030.56)	-
12/01/2013	1,000,000.00	0.550%	610,812.50	1,610,812.50	-	(305,406.25)	1,305,406.25
12/01/2014	1,005,000.00	0.800%	605,312.50	1,610,312.50	-	-	1,610,312.50
12/01/2015	1,015,000.00	1.000%	597,272.50	1,612,272.50	-	-	1,612,272.50
12/01/2016	1,025,000.00	1.200%	587,122.50	1,612,122.50	-	-	1,612,122.50
12/01/2017	1,040,000.00	1.400%	574,822.50	1,614,822.50	-	-	1,614,822.50
12/01/2018	1,055,000.00	1.700%	560,262.50	1,615,262.50	-	-	1,615,262.50
12/01/2019	1,075,000.00	1.950%	542,327.50	1,617,327.50	-	-	1,617,327.50
12/01/2020	1,095,000.00	2.200%	521,365.00	1,616,365.00	-	-	1,616,365.00
12/01/2021	1,125,000.00	2.400%	497,275.00	1,622,275.00	-	-	1,622,275.00
12/01/2022	1,155,000.00	2.650%	470,275.00	1,625,275.00	-	-	1,625,275.00
12/01/2023	1,190,000.00	3.550%	439,667.50	1,629,667.50	-	-	1,629,667.50
12/01/2024	1,230,000.00	3.550%	397,422.50	1,627,422.50	-	-	1,627,422.50
12/01/2025	1,280,000.00	3.550%	353,757.50	1,633,757.50	-	-	1,633,757.50
12/01/2026	1,325,000.00	3.550%	308,317.50	1,633,317.50	-	-	1,633,317.50
12/01/2027	1,370,000.00	3.550%	261,280.00	1,631,280.00	-	-	1,631,280.00
12/01/2028	1,420,000.00	3.550%	212,645.00	1,632,645.00	-	-	1,632,645.00
12/01/2029	1,470,000.00	3.550%	162,235.00	1,632,235.00	-	-	1,632,235.00
12/01/2030	1,525,000.00	3.550%	110,050.00	1,635,050.00	-	-	1,635,050.00
12/01/2031	1,575,000.00	3.550%	55,912.50	1,630,912.50	(1,636,255.00)	-	(5,342.50)
Total	\$22,975,000.00	-	\$8,058,165.56	\$31,033,165.56	(1,636,255.00)	(495,436.81)	\$28,901,473.75

Funding all CIP Projects, | Issue Summary | 5/24/2012 | 3:13 PM

KND Investment Banking
Dan Massiello-Public Finance





Preliminary

Town of Discovery Bay Community Services District

Proposed 2012 Water and Wastewater Revenue Bonds

Funding all CIP Projects, DSRF, Cap-I, 20y

Issue Summary

Pricing Summary

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price	Dollar Price
12/01/2013	Serial Coupon	0.550%	0.550%	1,000,000.00	100.000%	1,000,000.00
12/01/2014	Serial Coupon	0.800%	0.800%	1,005,000.00	100.000%	1,005,000.00
12/01/2015	Serial Coupon	1.000%	1.000%	1,015,000.00	100.000%	1,015,000.00
12/01/2016	Serial Coupon	1.200%	1.200%	1,025,000.00	100.000%	1,025,000.00
12/01/2017	Serial Coupon	1.400%	1.400%	1,040,000.00	100.000%	1,040,000.00
12/01/2018	Serial Coupon	1.700%	1.700%	1,055,000.00	100.000%	1,055,000.00
12/01/2019	Serial Coupon	1.950%	1.950%	1,075,000.00	100.000%	1,075,000.00
12/01/2020	Serial Coupon	2.200%	2.200%	1,095,000.00	100.000%	1,095,000.00
12/01/2021	Serial Coupon	2.400%	2.400%	1,125,000.00	100.000%	1,125,000.00
12/01/2022	Serial Coupon	2.650%	2.650%	1,155,000.00	100.000%	1,155,000.00
12/01/2031	Term 1 Coupon	3.550%	3.550%	12,385,000.00	100.000%	12,385,000.00
Total	-	-	-	\$22,975,000.00	-	\$22,975,000.00

Bid Information

Par Amount of Bonds	\$22,975,000.00
Gross Production	\$22,975,000.00
Total Underwriter's Discount (0.650%)	\$(149,337.50)
Bid (99.350%)	22,825,662.50
Total Purchase Price	\$22,825,662.50
Bond Year Dollars	\$255,467.78
Average Life	11.119 Years
Average Coupon	3.1542786%
Net Interest Cost (NIC)	3.2127351%
True Interest Cost (TIC)	3.1816139%





May 24, 2012

SENT VIA EMAIL

Mr. Richard J. Howard
General Manager
Town of Discovery Bay CSD
1800 Willow Lake Road
Discovery Bay, CA 94505-9376

Re: Bond Counsel Services

Dear Mr. Howard:

Thank you for inviting me to submit our Statement of Qualifications to serve as Bond Counsel to the Town of Discovery Bay CSD (the "Town") with regard to its anticipated upcoming water/wastewater financing project (the "Project"). I cannot overstate how honored I would be to be selected as Bond Counsel to the Town.

I have been practicing law for over 20 years, and have steadily and diligently forged a reputation as being a respected leader in the area of public finance and municipal bond law. But even more importantly, I am very proud of my firm's unblemished record during this time – neither the firm nor I have ever had a lawsuit against us/me, or a default on one of "our" transactions. During this time I have helped literally hundreds of government agencies achieve their individual project financing goals and objectives. I take great pride in serving with uncompromised integrity on each and every transaction in which I am involved.

My firm's success is due to a focused local commitment, statewide presence and national standing as a law firm trusted for solid, practical advice and a history of successful and client-driven innovative financings. I believe that by taking the time to truly understand and develop a working knowledge of each client's financial needs as well as its challenges make me particularly well suited to give the kind of bond counsel representation that each client deserves.

Furthermore, I really do understand and relish my roll of helping staff "succeed" at all levels on every engagement. I understand politics (as well as the politics of providing essential services such as sewer and water), and the various related "pressure points" commonly associated with these types of public works projects. Ensuring the legal efficacy of each transaction is my number one responsibility; however, I never lose sight of the fact that management of the public process is a crucial component of my engagement. I strive to make sure that the client and its stakeholders are both knowledgeable and satisfied with the "finished product" of each engagement.

Attachment C

Mr. Richard J. Howard
May 24, 2012
Page 2 of 2

The legal opinions issued by our firm are accepted throughout the country by requisite underwriters, banks, investors and lawyers. We are fairly well-known for our attention to detail in every aspect of a public finance transaction. This ethic for diligence and meticulousness often translates to a preemptive avoidance of problems for our clients, as well as for the associated engineers, financing consultants, underwriters, lawyers and investors. We always insist on working closely with senior staff and elected officials to help ensure the success of each public financing project we undertake.

In addition to our standard bond counsel duties, saving the Town time and money, increasing its financial flexibility, enhancing staff's knowledge and understanding of each step in the process, and positioning each Town Project for future success are among the many added benefits that we deliver during the course of our engagement.

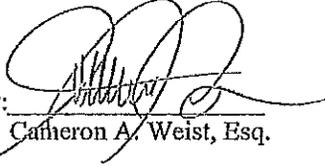
Once again, I very much appreciate the opportunity to submit our Statement of Qualifications to serve as Bond Counsel and would welcome the opportunity to answer any questions or provide additional information regarding our qualifications to serve as your Bond Counsel for your upcoming financing(s).

As requested, I have also included our standard form of Bond Counsel Services Agreement which outlines the services we would anticipate providing on this engagement, as well as the proposed fee schedule for all corresponding work in structuring and issuing the Bonds.

My address can be found located in the footer below, and questions regarding this submission may be directed to me directly at 831-438-7900.

Respectfully Submitted,

THE WEIST LAW FIRM

By: 
Cameron A. Weist, Esq.

AGREEMENT FOR BOND COUNSEL SERVICES

THIS AGREEMENT is made and entered into this __th day of _____, 2012 by and between the Town of Discovery Bay CSD (the "Town"), whose address is 1800 Willow Lake Road, Discovery Bay, CA 94505, and The Weist Law Firm (the "Bond Counsel"), whose address is 108 Whispering Pines Drive, Suite 235, Scotts Valley, CA 95066.

WITNESSETH:

WHEREAS, the Town desires to arrange for the procurement of low interest rate municipal bonds (the "Bonds"), in order to provide cost effective financing for the design and construction phases of the Town's proposed water/wastewater capital improvement project (the "Project"); and

WHEREAS, the Town desires to retain Bond Counsel to do the necessary consulting, legal and analytical work hereinafter outlined, upon the terms and conditions hereinafter set forth, to structure, issue and deliver Bonds as necessary to accomplish the financing of the Project; and

WHEREAS, Bond Counsel is specifically trained and experienced in the conduct of Project proceedings for accomplishing the issuance of the Bonds, and hereby represents that it is ready, willing and able to perform said work; and

NOW, THEREFORE, in consideration of the covenants and premises herein contained and other good and valuable consideration, the parties hereto agree as follows:

Section 1. Scope of Services.

Bond Counsel Services: Bond Counsel shall provide the following legal services in connection with the preparation of the resolutions, documents and certifications necessary for the sale and delivery of the Bonds. Such services shall include the following:

1. Consultation with representatives of the Town, including the General Manager, and the Town's financing and accounting staff, engineers, financial advisors, and others, with respect to the timing, terms and legal structure of the proposed issuance of Bonds.
2. Preparation of all resolutions, ordinances, notices, affidavits, Depository Trust Company agreements, indentures, installment sale agreements, lease or loan agreements, and other legal documents customarily prepared by Bond Counsel, as required for the issuance of Bonds (the "Principle Documents").
3. Review of documents prepared Town staff, financial advisor, or consulting engineers, including the project descriptions, the proposition 218 rate setting documents, the purchase contract(s) to be derived therefrom, and the continuing disclosure undertaking or undertakings.
4. Review of documentation with respect to any bond provisions, parity debt provisions and reserve fund policy provided or required in connection with the Bonds, if any.

5. Review and evaluate the various financing structures that may be available to the Town for the securing of the Bonds. Our analysis will examine the range of capital borrowing methods available to the Town, including, but not limited to, revenue bonds and certificates of participation.

6. Assist in the preparation of a financing plan for the Project and the issuance of Bonds. Base the plan on the policies and direction of the Town, availability of grants and loans, use of cash and prudent long-term borrowing. Project annual operation and maintenance expenses, annual replacement of capital facilities, annual expenditures for vehicles and equipment and establish reasonable amounts in capital reserve fund, emergency and contingency fund, accumulated surplus fund, and operating fund. Ensure that the revenue requirement will show net operating revenues sufficient to satisfy debt service coverage requirements related to the proposed Bonds, where applicable.

7. Attendance at such meetings or hearings of the Town's Board of Directors (the "Board"), and working group meetings or conference calls as the Town may request, and as Bond Counsel deems prudent and necessary.

8. Coordinate presentations to the rating agencies and/or credit enhancement providers. We will advise on the prudence of seeking a rating and/or bond insurance. We will take an active role in the determination process, and if the Town chooses to proceed with a rating and/or credit enhancement, we will be proactive in the process of obtaining the best rating and terms possible.

9. Preparation of final closing papers to be executed by the Town required to effect delivery of the Bonds and coordination of the closing of the Bonds.

10. Rendering of Bond Counsel's customary final legal opinion on the validity of the Bonds and the exemption from gross income for federal income tax purposes and from California personal income tax of interest thereon.

11. Preparation of the required reports to the California Debt and Investment Advisory Commission (pursuant to section 8855 et seq. of the Government Code) respecting the sale of the Bonds and Form 8038-G to the Internal Revenue Service (pursuant to Section 149 of the Internal Revenue Code of 1986).

12. Preparation of a complete transcript of the proceedings, containing originally signed copies of all resolutions, ordinances, legal agreements, disclosure statements, certificates and notices. Copies shall be provided to the Town and each member of the financing team.

Disclosure Counsel Services: Bond Counsel shall provide the following legal services as the Town's Disclosure Counsel in connection with the preparation of the Official Statement for the Bonds, and related sales documents to be used in connection with the Project financing. Such services shall include the following:

1. Confer and consult with Town staff and officers in order to perform the due diligence required to produce the Official Statement (both preliminary and final).

2. Confer and consult with underwriters, attorneys, financial advisors, engineer's, title officers, trustees or fiscal or paying agents, feasibility consultants and all other professionals or participants in the issuance of the Bonds, in order to perform the due diligence required to produce the Official Statement (both preliminary and final).

3. Review all agreements, certificates, resolutions, orders, notices, and affidavits produced in said proceedings and such other reports, documents and correspondence of legal nature as may be necessary in order to perform the due diligence required to produce the Official Statement (both preliminary and final).
4. Prepare or assist in the preparation of the bond purchase contract relating to the Bonds.
5. On behalf of the Town, prepare a continuing disclosure certificate to assist the underwriter with compliance with the provisions of Securities and Exchange Commission Rule 15c2-12.
6. Provide an opinion indicating compliance with (i) Section 17(a) of the Securities Act of 1933, (ii) Section 10b-5 of the Securities Exchange Act of 1934, and (iii) Rule 15c2-12 of the Securities Exchange Act of 1934.

Excluded Services Bond Counsel's services are limited to those specifically set forth above. Bond Counsel's services do not include representation of the Town or any other party to the transaction in any litigation or other legal or administrative proceeding involving any of the Bonds, the Project or any other matter. Bond Counsel's services also do not include legal services relating to the Project, including but not limited to compliance with the California Environmental Quality Act, the National Environmental Policy Act, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, the Hazardous Material Transportation Act, the Resource Conservation and Recovery Act, the Federal Water Pollution Control Act, the Occupational Safety and Health Act, the Safe Drinking Water Act, the Porter-Cologne Water Quality Control Act, the Safe Drinking Water and Toxic Enforcement Act of 1986, the Hazardous Substance Account Act, the Hazardous Waste Control Act, or any determinations pertaining to completion and readiness for acceptance.

Bond Counsel's services also do not include any responsibility for compliance with state blue sky, environmental, land use, real estate or similar laws or for title to or perfection of security interests in real or personal property, including the acquisition of interests in real property, whether through gift, negotiation or the exercise of the power of eminent domain. Bond Counsel's services also do not include any responsibility the negotiation or preparation of joint powers agreements with other agencies. Bond Counsel will not be responsible for the services performed or acts or omissions of any other participant.

Also, Bond Counsel's services will not extend past the date of issuance of the Bonds and will not, for example, include services related to on-going administration, annexation, rebate compliance or continuing disclosure or otherwise related to the Bonds, proceeds of the Bonds or a refunding after issuance of the Bonds.

Bond Counsel may be willing to perform such excluded services on such terms as might be mutually agreed to at the time of need. The performance by Bond Counsel of services excluded by the above paragraph, if required by the Town, shall be under separate written agreement.

Section 2. Compensation.

(a) **Legal Fees for Bond Counsel Services.** For all Bonds issued by the Town, Bond Counsel shall be paid a flat fee of \$25,000 for each series of Bonds issued, plus one-quarter of one percent (1/4%) of the principal amount of Bonds issued for each such series of Bonds issued. Payment of said amount shall be entirely contingent upon the sale or placement of the Bonds.

(b) Disclosure Counsel Services. For all Bonds issued by the Town, Disclosure Counsel shall be paid a flat fee of \$22,000 for each series of Bonds issued, plus one-eighth of one percent (1/8%) of the principal amount of Bonds issued for each such series of Bonds issued. Our fee and expenses for this work shall be entirely contingent upon the sale of the Bonds as a public offering.

(c) Out-of-Pocket Expenses. In addition to the legal fees, Bond Counsel shall be reimbursed its normal and customary out-of-pocket expenses, including travel (which includes an out of office fee of \$650 for each day of travel) and customary mileage rates; parking charges and bridge tolls as incurred, photocopies at forty-five cents per page, transcript preparation and distribution; telephone and facsimile charges as incurred, and postage and express delivery charges as incurred for each series of Bonds issued.

Section 3. Termination of Agreement and Legal Services.

This Agreement and all legal services to be rendered under it may be terminated at any time by written notice from either party, with or without cause. In that event, all finished and unfinished documents prepared for adoption or execution by the Town, shall, at the option of the Town, become its property and shall be delivered to it or to any party it may designate; provided that Bond Counsel shall have no liability whatsoever for any subsequent use of such documents. In the event of termination by the Town, Bond Counsel shall nevertheless be entitled to receive full compensation in the exact manner set forth in Section 2 hereof for all series of Bonds pertaining to the Project, regardless of the amount of work or length of time invested by Bond Counsel in the Project up to the point of termination. This continuing right to receive full compensation shall survive the term of this Agreement. If not sooner terminated as aforesaid, this Agreement and all legal services to be rendered under it shall terminate upon final issuance of the Bonds. Upon termination, Bond Counsel shall have no future duty of any kind to or with respect to the Bonds or the Town.

Section 4. Insurance.

Bond Counsel specifically represents that it maintains errors and omissions insurance applicable to the Bond Counsel services to be rendered under this Agreement.

Section 5. Nature of Engagement.

The Town acknowledges that Bond Counsel regularly performs legal services for many private and public entities in connection with a wide variety of matters. Bond Counsel has represented, is representing or may in the future represent other public entities, underwriters, trustees, rating agencies, insurers, credit enhancement providers, lenders, contractors, suppliers, financial and other consultants/advisors, accountants, investment providers/brokers, providers/brokers of derivative products and others who may have a role or interest in the Bonds financing or the Project or that may be involved with or adverse to the Town in this or some other matter. Bond Counsel agrees not to represent any such entity in connection with the Bonds financing, during the term of this Agreement, without the consent of the Town.

Given the special, limited role of Bond Counsel described above, the Town acknowledges that no conflict of interest exists or would exist, and waives any conflict of interest that might appear actually or potentially to exist, now or in the future, by virtue of this Agreement or any such other attorney-client

relationship that Bond Counsel may have had, have or enter into, and the Town specifically consents to any and all such relationships.

Section 6. Standards of Professional Conduct.

Bond Counsel and every employee thereof shall provide their services, advice and any reports in full compliance with all applicable law and professional standards. Bond Counsel represents that it is specially trained, experienced, expert and competent to perform the services required under this Agreement, and that each individual providing legal services is a member in good standing of the State Bar and is licensed to practice in California. Bond Counsel certifies that it will not accept representation in any matters, including litigation, under this Agreement if it or any employee thereof has any personal or financial interest therein.

Bond Counsel certifies that it accepts this retention because it has the time, energy, skills and ability necessary to perform the duties required in an efficient, trustworthy, professional and businesslike manner. It is understood that the services under this Agreement must be provided immediately, and that they are time-critical. Bond Counsel is engaged by Town for its unique qualifications and skills.

Bond Counsel shall not subcontract, delegate or assign the services to be provided under this Agreement, in whole or in part, to any other person or entity not employed in Bond Counsel's firm without consent of Town. Bond Counsel agrees that it will comply with all ethical duties, will maintain the integrity of the Bond Counsel-client relationship, and will take all steps available to preserve all applicable legal privileges, confidences, and records from disclosure; however, it is hereby understood and agreed that Bonds offerings are public in nature, and the Town hereby waives its right to confidential communications, and protecting of records from disclosure.

Section 7. No Guarantee of Outcome.

Town hereby acknowledges and agrees that this is a best efforts undertaking, and that no guarantee of success or outcome has been, or can be, made by Bond Counsel.

Section 8. Arbitration.

Any controversy, claim or dispute arising out of or relating to this Agreement, shall be settled solely and exclusively by binding arbitration in San Francisco, California. Such arbitration shall be conducted in accordance with the then prevailing commercial arbitration rules of JAMS/Endispute ("JAMS"), with the following exceptions if in conflict: (a) one arbitrator shall be chosen by JAMS; (b) each party to the arbitration will pay its pro rata share of the expenses and fees of the arbitrator, together with other expenses of the arbitration incurred or approved by the arbitrator; and (c) arbitration may proceed in the absence of any party if written notice (pursuant to the JAMS' rules and regulations) of the proceedings has been given to such party. Each party shall bear its own attorneys fees and expenses.

The parties agree to abide by all decisions and awards rendered in such proceedings. Such decisions and awards rendered by the arbitrator shall be final and conclusive. All such controversies, claims or disputes shall be settled in this manner in lieu of any action at law or equity; provided however, that nothing in this Section shall be construed as precluding the bringing an action for injunctive relief or other equitable relief. The arbitrator shall not have the right to award punitive damages or speculative damages to either party and

shall not have the power to amend this Agreement. The arbitrator shall be required to follow applicable law. IF FOR ANY REASON THIS ARBITRATION CLAUSE BECOMES NOT APPLICABLE, THEN EACH PARTY submits to the ongoing jurisdiction of the state of California and/or the United States Town Court for THE ENFORCEMENT HEREOF.

Section 9. Entire Agreement.

This Agreement contains the entire understanding between Bond Counsel and Town. All previous proposals, offers and communications relative to the Project and this Agreement, whether oral or written, are hereby superseded except to the extent that they have been incorporated into this Agreement.

No future waiver of or exception to any of the terms, conditions, and provisions of this Agreement shall be considered valid unless specifically agreed to in writing by both Bond Counsel and Town. No oral agreement or implied covenant shall be held to vary the provisions of this Agreement. This Agreement shall bind and inure to the benefit of the parties to this Agreement and any subsequent successors or assigns as may be permitted pursuant to the provisions of this Agreement.

Section 10. Modification.

Both Town and Bond Counsel understand that it may be desirable or necessary during the execution of this Agreement for Bond Counsel or Town to modify the scope of services provided for under this Agreement. Any material extension or change in the scope of work shall be discussed with Town and all changes and their cost shall be memorialized in a written amendment to this original Agreement prior to the performance of the additional work. Until a written change order is so executed, Town shall not be responsible to pay any charges Bond Counsel may incur in performing such additional services, and correspondingly Bond Counsel shall not be required to perform any such additional services.

Section 11. Severability.

All sections and subsections of this Agreement are severable, and the unenforceability or invalidity of any of the sections or subsections of this Agreement shall not affect the validity or enforceability of the remaining sections or subsections of this Agreement, but such remaining sections or subsections shall be interpreted and construed in such a manner as to carry out fully the intention of the parties.

Therefore, if any part, term, or provision of this Agreement shall be held illegal, unenforceable, or in conflict with any law of a federal, state, or local government having jurisdiction over this Agreement, the validity of the remaining portions or provisions shall not be effected by such holding and shall nevertheless continue in full force without being impaired or invalidated in any way.

Section 12. Waiver.

The waiver by either party of a default or breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent default or breach of the same or of a different provision of that party. No waiver or modification of this Agreement or of any covenant condition, or limitation contained in this Agreement shall be valid unless in writing and duly executed by the party or parties to be charged therewith.

Section 13. Counterparts.

This Agreement may be executed in any number of counterparts and each counterpart shall for all purposes be deemed to be an original, and all such counterparts shall together constitute but one and the same Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers and representatives thereto duly authorized, all as of the day and year first above written.

TOWN OF DISCOVERY BAY CSD

By: _____

THE WEIST LAW FIRM

By: _____

STATEMENT OF QUALIFICATIONS

We are pleased to have this opportunity to present our Statement of Qualifications, and summary of highlighted bond and note transactions, attached as an appendix hereto, in which our firm has been most recently involved as either bond counsel, disclosure counsel, underwriter's counsel or securities counsel.

INTRODUCTION

As one of California's leading bond counsel firms, The Weist Law Firm has established a proven track record and an outstanding reputation in securities law and municipal bond matters, having advised clients on billions of dollars in transactions to finance California public works projects. Since our founding by municipal law and public finance lawyer Cameron A. Weist over 20 years ago, we have steadily forged a reputation as being a respected leader in the area of public finance and municipal bond law. Our time-tested prominence has spanned numerous challenging economic cycles and legislative climates.

Handling all types of public securities, our California-based law firm is known for its ability to undertake all types of municipal financing transactions, both routine and complex. We serve state and local municipalities, national and international banks, investment banking firms and many other entities that seek the counsel of an experienced lawyer in public securities and municipal bond financing matters.

The types of projects in which our firm is engaged typically includes the financing of public facilities such as water and wastewater facilities, irrigation and drainage facilities, educational equipment and facilities, streets, bridges, government buildings, single-family and multi-family housing, recreational facilities, industrial development facilities, electrical generation and transmission facilities, alternative energy facilities and waste-to-energy facilities, police and fire facilities, parking structures, solid waste facilities, dock and wharf facilities, geological hazard abatement facilities, seawalls and various other similar type public improvement projects.

Our firm has been involved in, and has successfully implemented, a wide array of multi-modal financing instruments including, but without limitation, Mello-Roos bonds; several variations of "pooled" bonds; assessment district bonds; certificates of participation; installment sale obligations; water and sewer revenue bonds; collateralized mortgage obligations; capital appreciation bonds; clean renewable energy bonds, industrial development bonds; tax allocation bonds; general obligation bonds; leases; promissory notes; refunding bonds and notes; tax credit bonds; multi-family mortgage revenue bonds; private placement securities; interest rate strips; miscellaneous variations of swap contracts, auction rate securities, derivative securities, reinvestment contracts; and various forms of bond, grant, revenue and tax anticipation notes.

In short, we bring our local presence and trusted nationwide reputation, as well as our vast experience and expertise, to bear for each public finance project we undertake.

INDUSTRY LEADER

For over two decades The Weist Law Firm has been a leader in the area of public finance and municipal securities law, annually ranking as one of the most active in the State of California. Our rankings reflect more than simply the volume of transactions handled by The Weist Law Firm for our public finance clients year after year. They are evidence of the consistent quality of service rendered by our firm and the accumulated experience we draw upon to serve clients efficiently, effectively and creatively.

ACCOLADES

The Weist Law Firm has served as bond counsel on several unique bond financings over the years and has continued to occupy a prominent position in that practice area. We believe that our firm offers unparalleled experience in creatively structuring public finance transactions. Much of this experience comes from the experience we have gained over the years in “unwinding” troubled financings structured by other public finance consultants. In order to legally and effectively “dismantle” a bond transaction, it is imperative that one has the experience and know-how to put a bond issue together properly in the first place.

We have gained a reputation as the “go-to-firm” for complex financing structures often involving several underlying finance structures that have been (or, are to be) commingled at a JPA level in the form of Marks-Roos pooled revenue bonds. We have also been able to help several clients design their own creative revenue bond programs that involve various diverse revenue pledges or contributions of one form or another—leading to significant cost savings and resulting in successful financings that were otherwise thought impossible. We have recently been engaged by the USDA to train management and staff in the area of public finance.

The Weist Law Firm worked on one of California’s first and largest “water bank” (aquifer recharge) financings, which was underwritten on a variable, swapped to fixed multi-modal structure involving tax-exempt and taxable components. We have structured the State of California’s first ever successful purchase of securities through the Department of Commerce under the McCorquodale-Neilsen-Hauser Rural Renaissance Act of 1986. We have worked on one of the largest CREBs financings structured to date, which was issued to finance a Caltrans solar project. We prepared the documentation necessary in forming California’s first geological abatement district utilizing its own Board of Directors to finance geological abatement facilities.

We also maintain an excellent working relationship with the United States Department of Agriculture (“USDA”). Over the course of the past couple of years we have worked on some of the more complex issued ever encountered by USDA. By working in concert with the lead lawyers at USDA’s Office of General Counsel, we were able to create the internal legal templates that have led to what has turned out to be many successful project financings for our clients, as well as all other clients utilizing USDA financing in the future. This successful working relation has, in turn, led to our engagement directly with USDA to provide webinar training for all Area Specialist, with the first such webinar having taken place in 2012.

DIVERSITY AND INGENUITY

To complement The Weist Law Firm's expertise in the municipal law, securities law and tax law aspects of public finance, we are also educated and trained in several branches of economics, urban and regional planning, public policy, business administration, operations research, demography, accounting, finance and real estate. These skills are applied to a broad array of financing projects and programs, and address such issues as infrastructure development, economic development, development feasibility, policy research, strategic planning, program and project financing evaluation.

Our dedicated broad-minded professionals bring vast experience from various disciplines to serve the increasingly sophisticated financial needs of our local government clients.

We have developed an expertise in joint powers authority pooled financings, lease and installment sale financings, tax increment financings, special assessment financings, private activity bonds, tribal economic development bonds, clean renewable energy bonds, special districts formations, USDA financings, urban redevelopment projects, impact fee legislation, municipal utility district formations, capital recovery charge programs and numerous other value-added services focusing on public improvement projects.

Our extensive experience with a variety of financing techniques, and our expertise in the myriad of legal issues, including federal tax law, securities law, and state statutory and constitutional provisions, enable us to assist our clients in meeting their financing goals, and providing financial solutions that serve both the immediate and long-term best interests of each client.

We are also acutely aware of the time constraints facing each new project, and take a great deal of pride in our ability to be responsive to a client's needs for agility and speed in concluding a transaction. We strive to take advantage of market conditions whenever it would be advantageous and we make every effort to complete a project as quickly as possible.

INDUSTRY RELATIONS

The Weist Law Firm has the range of capabilities to handle all aspects of securities finance, from the routine to the complex. In addition to our extensive knowledge of debt and equity financings, we maintain a working relationship with USDA, SRF, Department of Public Health, and other state and federal agencies providing municipal finance enhancements, as well as all of the major bond insurance providers, rating agencies, and a cross section of national and international banks providing letters of credit, direct placements, and other credit enhancement products.

Our clients benefit from our long established relationships with financial advisors, and with numerous national, regional and local broker/dealers, as well as national and international banks and institutions, which regularly deal in the types of securities being handled by us.

CREATING VALUE

As a complement to our bond counsel practice, we provide a full range of related services for our clients, such as: analyzing and capitalizing on grant and low interest rate loan program opportunities; designating and issuing state and federal Stimulus Bonds; conducting “Prop 218” rate adjustment campaigns; preparing sensitivity reports; formation of joint powers authorities; formation of community facility districts, for both pay-as-you-go public safety components, as well as for backbone infrastructure; arbitrage and rebate compliance; and conducting General Obligation Bond campaigns.

We are a “Recognized Bond Counsel” for certain State and Federal programs such as the USDA Rural Development Grant and Loan Program and certain other such state sponsored low interest grant and loan programs. We are also a “Recognized Bond Counsel” for most statewide joint powers authorities, such as the California Statewide Communities Development Authority, the California Enterprise Development Authority, the Independent Cities Lease Finance Authority, and the like.

Many of our clients are infrequent issuers of public debt, having not been previously involved in complex public finance projects. We always take the extra time required to ensure that they are full partners in the process. Our willingness to provide enhanced customized personal service to each and every one of our clients – no matter the sophistication level – not only results in a superior transaction, but also leads to better public relations as well as better relations between staff and its board or council.

We carefully and meticulously counsel our clients about each facet of the public finance process, and about the advantages of choosing one form of financing technique or strategy over another. In many cases, a blending of techniques and strategies becomes the most advantageous economic strategy. In all cases, we provide clients with all the information they need to competently and successfully conclude a project.

OUR CLIENTS

We represent a variety of different types of governmental entities including cities, counties, redevelopment agencies, joint powers authorities, water agencies, sanitary districts, irrigation districts, community services districts, port authorities, tribal nations, non-profit organizations, utility districts, school districts, community college districts, harbor districts, fire districts and various other special districts throughout California.

We provide the appropriate legal, tax and disclosure advice and act as liaison between staff, financial advisor, underwriter, trustee and bondholder. We “quarterback” each transaction with diligence and professionalism. This allows us to foster teamwork that typically results in fully developed strategies that accommodate the desires of the issuer, while at the same time accounting for legal and economic peculiarities and impediments that could otherwise potentially affect the success of a public finance transaction.

“The internal standard we espouse is to earn each client’s confidence on the very first matter of involvement, and then keep earning it on every matter thereafter.”

HELPING STAFF SUCCEED

Although the client is typically the municipality as an entity, we interface with, and answer to “staff,” being the city managers and city administrators, county administrators, finance directors, treasurers, executive directors, general managers and community development directors, who, in turn, take their direction from corresponding boards of directors, boards of supervisors and city councils. We understand and relish our roll of helping “staff” succeed. We also understand politics, and the various related “pressure points” commonly associated with the financing of public improvement projects. Ensuring the legal efficacy of each transaction is our number one responsibility; however, we never lose sight of the fact that the management of social issues is a crucial component of our engagement.

In addition to providing the highest caliber transactional documents, we take the time to produce well-written, clearly understandable “staff reports” and other corresponding agenda material that management can confidently rely upon when taking matters to its board or council. We are always ready to publically present the subject matter to the requisite board or council when called upon to do so by staff. We have spoken in public forums literally thousands of times, and are very comfortable and articulate in this type of setting.

Saving time and money, increasing financial flexibility, enhancing staff’s knowledge and understanding of each step in the process, and positioning each public project for future success are among the many benefits delivered by our focused, results-oriented practice.

PROFESSIONAL AFFILIATIONS

The Weist Law Firm is proud of its history of professional affiliations with the following organizations: State Bar of California, American Bar Association, California Association of Bond Lawyers, California Association of Sanitation Agencies, National Association of Bond Lawyers, Association of California Water Agencies, County Engineer’s Association, Bay Area Municipal Forum and Public Securities Association.

LEGAL OPINION

The professional legal opinion of The Weist Law Firm, passing upon the tax-exempt status of proceedings for the public issuance of governmental securities, is accepted by all major municipal bond underwriters, banks, and financial institutions that normally purchase these securities.

CLIENT REPRESENTATION

A list of public sector clients which The Weist Law Firm (which includes past and present affiliations) has represented as either bond counsel or disclosure counsel is as follows:

CITIES

City of Anderson	City of Greenfield	City of Pismo Beach
City of Arcata	City of Grover Beach	City of Ridgecrest
City of Atascadero	City of Guadalupe	City of Riverbank
City of Atwater	City of Gustine	City of San Francisco
City of Avenal	City of Isleton	City of San Rafael
City of Bakersfield	City of King	City of Santa Cruz
City of Brentwood	City of Livingston	City of Scotts Valley
City of Capitola	City of Los Banos	City of Selma
City of Coalinga	City of Marina	City of Shasta Lake
City of Colma	City of McFarland	City of Soledad
City of Crescent City	City of Mendota	City of Susanville
City of Dos Palos	City of Merced	City of Stockton
City of Dublin	City of Morgan Hill	City of Tehachapi
City of Escalon	City of Morro Bay	City of Tracy
City of Firebaugh	City of Oakdale	City of Yuba City
City of Fort Bragg	City of Pacifica	City of Wasco
City of Fresno	City of Palm Desert	City of Watsonville
City of Gonzales	City of Paso Robles	City of Woodland

COUNTIES

County of Amador	County of King	County of Santa Cruz
County of Calaveras	County of Madera	County of Siskiyou
County of Del Norte	County of Monterey	County of Stanislaus
County of Humboldt	County of San Bernardino	County of Sutter
County of Kern	County of San Francisco	County of Tulare

WATER DISTRICTS

Aromas Water District	Madera Irrigation District
Byron Bethany Irrigation District	Padre Dam Municipal Water District
Calaveras County Water District	Olivenhain Municipal Water District
Central San Joaquin Water Conservation District	San Lorenzo Valley Water District
Glide Water District	Scotts Valley Water District
Kanawha Water District	Soquel Creek Water District
Mammoth Community Water District	Squaw Valley County Water District

OTHER DISTRICTS

Auburn Valley Community Services District	Middletown Unified School District
Barstow Heights Community Services District	Muroc Joint Unified School District
Byron Sanitary District	Needles Unified School District
Channel Islands Community Service District	Palo Verde Community College District
Hartnell Community College District	Place de Mer Geological Abatement District
Hayfork Fire Protection District	River Highlands Community Service District
Jamestown Sanitary District	Santa Cruz County Sanitation District
Janesville Union School District	Shaffer Union School District
June Lake Public Utility District	Sierra Foothills Public Utility District
June Lake Fire District	Sweetwater Union High School District
Kern Community College District	Victor Valley Community College District
Kirkwood Meadows Public Utility District	Victor Valley Union High School District
Lake Arrowhead Community Service District	West Hills Community College District
Long Beach Community College District	West Kern Community College District
Luther Burbank School District	Zayante Fire Protection District

PUBLIC FINANCING AND HOUSING AUTHORITIES

Arcata Joint Powers Financing Authority	King City Public Financing Authority
Auburn Valley Public Financing Authority	Mammoth Public Financing Authority
Avenal Public Financing Authority	Merced Public Financing Authority
Brentwood Public Financing Authority	Monterey Housing Authority
Byron Bethany Public Financing Authority	Palm Desert Financing Authority
Capitola Public Financing Authority	Pismo Beach Public Financing Authority
Coalinga Public Financing Authority	Riverbank Public Financing Authority
Crescent City Public Financing Authority	Scotts Valley Public Financing Authority
Grover Beach Financing Authority	Suisun City Housing Authority
Humboldt Waste Management Authority	Susanville Public Financing Authority
June Lake Public Financing Authority	Yuba City Public Financing Authority
Kanawha-Glide Public Financing Authority	Wasco Public Financing Authority

REFERENCES

Please feel free to contact the following individuals as references of our ability to serve as bond counsel, disclosure counsel, underwriter's counsel, or securities counsel:

Jeffrey L. Meyer <i>Finance Director</i> Calaveras County Water Dist. 423 E. St. Charles Street San Andreas, CA 95249 (209) 754-3102	Rick Gilmore <i>General Manager</i> Byron Bethany Irrigation Dist. 7995 Bruns Road Byron, CA 94514 (925) 634-3534	Marisela Hernandez <i>Finance Director</i> City of Riverbank 6707 Third Street Riverbank, CA 95367 (209) 863-7110
Wayne Hammar <i>Treasurer-Tax Collector</i> County of Siskiyou 311 Fourth St., Room 104 Yreka, CA 96097 (530) 842-8342	Pete Yribarren <i>State Programs Director</i> USDA Rural Development 3530 W. Orchard Ct. Visalia, CA 93277 (559) 734-8732 x108	Kevin Rice <i>City Manager</i> City of Pismo Beach 760 Mattie Road Pismo Beach, CA 93449 (805) 773-4657
Michael Alves <i>General Manager</i> Kanawha Water District 360 N. County Road G Willows, CA 95988 (530) 934-5476	Robert Porfiri <i>City Manager</i> City of Susanville 66 North Lassen Street Susanville, CA 96130 (530) 252-5107	Margaret Silveira <i>City Manager</i> City of Lakeport 225 Park Street Lakeport, CA 95453 (707) 263-5615

COMMITMENT TO EXCELLENCE

Highly motivated and driven by our history of success, we are continuously expanding and “fine-tuning” our capabilities in order to maintain our commitment to meeting the specialized legal and financial needs of our clients. Our proven ability to ascertain and define a client’s needs, then provide superior support and guidance each step of the way, execute on a timely basis, and close quality transactions has transpired as a result of our very real commitment to excellence.

CONCLUSION

In summary, we believe that our proven track record along with our corresponding broad base of public finance experience, combined with our genuine focus on helping staff to succeed on each project financing, uniquely sets us apart from all others in the industry.

We would also like to take this opportunity to thank all of our existing clients for their valued support over the years. To our new clients, we assure you that we will work to build a lasting relationship by delivering services in a manner that respects the trust you place in us.

APPENDIX

HIGHLIGHTED BOND AND NOTE TRANSACTIONS

- ~ California Enterprise Development Authority, Recovery Zone Economic Development Bonds, (Biomass Waste-to-Energy Power Plant Project): \$29,930,000
- ~ City of Pacifica, (Conversion of Auction Rate Certificates), Certificates of Participation: \$19,815,000
- ~ County of Siskiyou, California, Tax and Revenue Anticipation Notes: \$10,000,000
- ~ City and County of San Francisco, Certificates of Participation, Series 2010A: \$22,549,489
- ~ City of Selma, Tax and Revenue Anticipation Notes: \$1,750,000
- ~ City of Capitola, Improvement Refunding Bonds: \$3,923,000
- ~ Susanville Public Financing Authority, (Utility Enterprises Project), Refunding Revenue Bonds, Senior Series A: \$9,700,000
- ~ Susanville Public Financing Authority, (Utility Enterprises Project), Refunding Revenue Bonds, Subordinate Series B: \$25,160,000
- ~ Hayfork Fire Protection District, Certificates of Participation, Public Safety Facility Project: \$600,000
- ~ City of Gustine, Certificates of Participation, City Hall Project: \$950,000
- ~ Grover Beach Improvement Agency, Tax Allocation Bonds: \$4,390,000
- ~ Riverbank Redevelopment Agency (Stanislaus County), Riverbank Reinvestment Project, Tax Allocation Bonds: \$12,315,000
- ~ Riverbank Redevelopment Agency (Stanislaus County), Riverbank Reinvestment Project, Tax Allocation Housing Set-Aside Bonds: \$3,120,000
- ~ California Alternative Energy and Advanced Transportation Authority, Clean Renewable Energy Bonds, (CalTrans Projects): \$19,999,999
- ~ City of Tracy, Refunding Improvement Bonds, Wastewater Facilities Project: \$17,150,000
- ~ City of Morgan Hill, Cochrane Business Park Assessment District: \$3,500,000
- ~ County of Santa Cruz, Limited Obligation Improvement Bonds, Place De Mer Water Improvement District: \$423,558

- ~ City of Scotts Valley, Pasatiempo Pines Assessment District, Improvement Bonds Wastewater Facilities Project, First Issue: \$2,614,300
- ~ City of Brentwood, Brentwood Improvement Project No. 2: \$3,499,000
- ~ City of Capitola, Tradewinds Assessment District Bonds: \$1,585,721
- ~ City of Tehachapi, Refunding Assessment District Bonds: \$1,575,000
- ~ Housing Authority of the County of Monterey, Floating Rate Demand, Multifamily Housing Revenue Bond (Woodridge Project) - Remarketed Issue: \$3,000,000
- ~ City of Scotts Valley, Green Hills Assessment District: \$1,037,000
- ~ Central San Joaquin Water Conservation District, Certificates of Participation, (Little Johns Creek Project): \$4,950,000
- ~ City of Brentwood, Certificates of Participation, Capital Improvement Project: \$5,930,000
- ~ Marina Redevelopment Agency, Certificates of Participation, Series A: \$2,000,000; and Series B: \$3,000,000
- ~ Luther Burbank School District (Santa Clara County), Series 2008 B & C General Obligation Bonds: \$4,139,993.85
- ~ City of Scotts Valley, North Scotts Valley Drive Refunding Assessment District: \$1,762,580
- ~ City of Scotts Valley, Green Hills Estates Subdivision Assessment District, Limited Obligation Improvement Bonds: \$1,390,000
- ~ City of Yuba City, Sutter County, California, North Yuba City Drainage Phase I, Limited Obligation Bonds: \$1,658,090
- ~ County of Stanislaus, Fox Hollow Assessment District, Limited Obligation Bonds: \$710,000
- ~ County of Santa Cruz, Bostwick Lane Street Improvement Project, Limited Obligation Bonds: \$361,910
- ~ City of Brentwood, Limited Obligation Improvement Bond Anticipation Notes: \$5,240,800
- ~ Brentwood Joint Powers Financing Authority, (Contra Costa County, California), Series A and Series B, Limited Obligation Revenue Bonds: \$17,800,000
- ~ City of Morro Bay, Mimosa Street Assessment District, Limited Obligation Bonds: \$162,773
- ~ Avenal Public Financing Authority, (Kings County, California), Local Agency Revenue

Bonds: \$11,000,000

- ~ City of Tehachapi, East Tehachapi Boulevard Improvement Project, Limited Obligation Improvement Bonds: \$1,750,000
- ~ Wasco Public Financing Authority, (Kern County, California), Local Agency Revenue Bonds, Series A: \$25,000,000; Series B: \$10,000,000; Total: \$35,000,000
- ~ City of Gonzales, Johnson Canyon-Fanoe Road Improvement Project, Limited Obligation Improvement Bonds: \$643,606.85
- ~ City of Tehachapi, Community Facilities District, Special Tax Bonds: \$7,000,000
- ~ City of Yuba City, Certificates of Participation (Police Building Project): \$5,000,000
- ~ City of Marina, General Obligation Bonds: \$829,000
- ~ Kirkwood Meadows Public Utilities District, Refunding Assessment District, Limited Obligation Improvement Bonds: \$2,324,565.78
- ~ Redevelopment Agency of the City of Brentwood, Brentwood Redevelopment Project, Tax Allocation Bonds, Series A: \$5,330,000
- ~ Scotts Valley Public Financing Authority (Santa Cruz County, California): Local Agency Revenue Bonds: \$34,000,000
- ~ Marina Redevelopment Agency, Public Safety Building Project, Tax Allocation Bonds, Series A: \$1,805,000
- ~ Scotts Valley Water District, Water Revenue Bonds: \$2,350,000
- ~ City of Tehachapi, Summit Assessment District, Limited Obligation Improvement Bonds: \$2,874,000
- ~ City of Atwater, Special Tax Bonds: \$17,750,000
- ~ City of Gustine, Certificates of Participation (Wastewater System Improvement Projects): \$1,225,000
- ~ City of Yuba City, Limited Obligation Improvement Bonds: \$14,405,100
- ~ County of Madera, Limited Obligation Improvement Bonds: Series A \$1,192,500: Series B \$4,500,000 (Bass Lake Roads)
- ~ Crescent City Public Financing Authority (Del Norte County, California): Local Agency Revenue Bonds: \$2,500,000

- ~ City of Capitola, Certificates of Participation: \$9,395,000
- ~ City of Santa Cruz, Limited Obligation Improvement Bonds, Chestnut Street Assessment District: \$1,539,000
- ~ City of Los Banos, Certificates of Participation, (Sewage Disposal System Expansion): \$4,995,000
- ~ City of Stockton, Limited Obligation Improvement Bonds (San Joaquin County), Spanos Park Assessment District: \$7,740,000
- ~ Coalinga Public Financing Authority, Revenue Bonds: Series A \$11,280,000: Series B \$6,130,000
- ~ City of Riverbank Public Financing Authority, Revenue Bonds: Series A \$1,975,000: Series B \$4,350,000
- ~ Town of Colma, Refunding Improvement Bonds, Colma Local Improvement District No. 1 Reassessment Project: \$10,750,000
- ~ City of Paso Robles, Orchard Bungalow Refinancing: \$1,705,000
- ~ City of Gonzales, Certificates of Participation: \$650,000
- ~ City of Tehachapi, Special Tax Bonds: \$2,780,000
- ~ Paso Robles Redevelopment Agency, (Paso Robles Redevelopment Project): \$3,500,000
- ~ City of Gonzales, Limited Obligation Improvement Bonds, Gonzales Shopping Center Assessment District: \$410,800
- ~ County of Monterey, Blackie Road Assessment District, Limited Obligation Improvement Bonds: \$4,195,000
- ~ City of Santa Cruz, Limited Obligation Improvement Bonds, Village Highlands Assessment District: \$1,466,400
- ~ City of Capitola, Limited Obligation Improvement Bonds, Brookvale Terrace Assessment District: \$2,940,000
- ~ County of Sutter, Limited Obligation Improvement Bonds, Highland Estates Improvement Project: \$375,380
- ~ Lake Arrowhead Community Services District, Refunding Certificates of Participation: \$39,000,000
- ~ City of Marina, Limited Obligation Improvement Bonds, Marina Landing Assessment

District: \$2,275,753

- ~ County of Santa Cruz, Limited Obligation Improvement Bonds, Sand Dollar Beach Assessment District: \$186,510
- ~ City of Atascadero, Limited Obligation Improvement Bonds, Street Improvement Project: \$903,356.13
- ~ City of Merced, Limited Obligation Refunding Improvement Bonds, North Merced Sewer Improvement Refunding Reassessment District: \$5,450,000
- ~ City of San Rafael, Limited Obligation Improvement Bonds, Peacock Gap Reassessment District: \$2,405,000
- ~ Olivenhain Municipal Water District, Water Revenue Refunding Bonds: \$7,760,000
- ~ City of Atascadero, Limited Obligation Improvement Bonds, Camino Real Improvement Project: \$2,100,000
- ~ City of Oakdale, G & J Streets Refunding Assessment District, Limited Obligation Improvement Bonds: \$4,300,000
- ~ Scotts Valley Water District, Water Revenue Refunding Bonds: \$2,640,000
- ~ City of Merced Public Financing Authority, Local Agency Revenue Bonds, \$17,220,000 Series A-1 (Tax Allocation Bonds), \$1,210,000 Series A-2 (Water Revenue Bonds), \$4,520,000 Series A-3 (Sewer Revenue Bonds):\$22,950,000
- ~ Community Development Agency of the City of King, (King City Redevelopment Project) Tax Allocation Refunding Revenue Bonds: \$5,500,000
- ~ Adelanto School District (San Bernardino County, California), General Obligation Bonds, Series B: \$5,997,952.25
- ~ Channel Islands Beach Community Services District, Limited Obligation Refunding Improvement Bonds: \$1,341,663.80
- ~ City of Stockton Multifamily Housing Revenue Bonds, Mariner's Pointe: \$6,500,000
- ~ City of Livingston, Refunding Certificates of Participation: \$460,000
- ~ City of Santa Cruz, Limited Obligation Improvement Bonds, Harvey West Assessment District (Costco Regional Center): \$1,458,712.26
- ~ City of Shasta Lake (Energy Transmission Project) Certificates of Participation: \$17,960,000
- ~ City of Stockton - Special Tax Bonds: \$1,960,000

- ~ City of Woodland, Limited Obligation Improvements Refunding Bonds, East Main Street Assessment District: \$15,030,000
- ~ City of Bakersfield, Limited Obligation Improvement Bonds: \$3,685,000
- ~ Padre Dam Municipal Water District, Certificates of Participation: \$11,200,000
- ~ City of Yuba City, Certificates of Participation (Police Building Project): \$3,040,000
- ~ Mammoth Community Water District (Mono County, California), Refunding Certificates of Participation: \$4,725,000
- ~ Redevelopment Agency of the City of Guadalupe, Tax Allocation Refunding Bonds (Guadalupe Redevelopment Project): \$1,510,000
- ~ City of Palm Desert Financing Authority, Revenue Bonds: \$30,915,000
- ~ June Lake Public Utility District, Limited Obligation Improvement Bonds: \$740,000
- ~ City of Arcata, Refunding Certificates of Participation: \$2,825,000
- ~ Mammoth Community Water District (Mono County, California), Limited Obligation Refunding Improvement Bonds, Reassessment District: \$5,440,000
- ~ Community Development Agency of the City of King Tax Allocation subordinate Revenue Bonds (King City Redevelopment Project), Monterey County, California \$4,730,000
- ~ Barstow Heights Community Services District (County of San Bernardino), Limited Obligation Refunding Improvement Bonds (Bank Qualified) \$1,160,000
- ~ Calaveras County Water District, Refunding Improvement District (Saddle Creek), Limited Obligation Improvement Refunding Bonds: \$7,135,000
- ~ City of Gonzales, Johnson Canyon-Fanoe Road Improvement Project, Limited Obligation Improvement Bonds: \$643,606
- ~ Hartnell Community College (City of King), Certificates of Participation (Hartnell CCD Education and Training Center): \$2,515,000
- ~ Shaffer Union School District Improvement Project, Certificates of Participation: \$905,000
- ~ Crescent City, Not to Exceed \$9,000,000 (Line of Credit) Bond Anticipation Notes (Water System Improvement Project)
- ~ San Lorenzo Valley Water District, Limited Obligation Improvement Refunding Bonds (Bank Qualified): \$1,199,000

- ~ Calaveras County Water District, Limited Obligation Improvement Refunding Bonds Lake Tulloch Reassessment District: \$725,000
- ~ Humboldt Waste Management Authority, Bond Anticipation Notes: \$5,000,000
- ~ County of Calaveras, Limited Obligation Improvement Refunding Bonds Refunding Improvement District Valley Hills Estates: \$1,025,000
- ~ Byron Bethany Irrigation District (Administrative Building Project), Lease Revenue Bonds: \$5,750,000
- ~ City of Riverbank- Riverbank Public Financing Authority, Local Agency Refunding Revenue Bonds: \$1,700,000
- ~ Auburn Valley Public Financing Authority (Placer County), Wastewater Treatment Plant Expansion Project, Revenue Bonds: \$3,335,000
- ~ Sweetwater Union High School District, Master Lease: \$3,500,000
- ~ Long Beach Community College District (Los Angeles County), Auction Rate Certificates of Participation: \$34,300,000
- ~ Humboldt Waste Management Authority, Revenue Bonds: \$7,500,000
- ~ Middletown Unified School District, General Obligation Bonds: \$6,496,430.70
- ~ West Hills Community College District, Capital Improvement Projects, Auction Rate Certificates of Participation: \$27,950,000
- ~ Kern Community College District, Capital Improvement Projects, Auction Rate Certificates of Participation: \$39,950,000
- ~ Calaveras County Water District, Enterprise Refunding Revenue Bonds: \$19,625,000
- ~ Madera Irrigation Financing Authority, \$35,805,000 Daily Rate Water Revenue Bonds
- ~ Madera Irrigation Financing Authority, \$12,115,000 Daily Rate Taxable Water Revenue Bonds
- ~ Victor Valley Union High School District, Refunding Certificates of Participation, Victor Valley Junior high School Project: \$10,705,000
- ~ Calaveras County, Special Tax Refunding Bonds (Saddle Creek): \$7,145,000
- ~ June Lake Fire Protection District, Lease-Purchase Certificates: \$520,000
- ~ Kanawha-Glide Public Financing Authority, Kanawha Loan Contract Revenue Refunding

Bonds: \$875,000

- ~ Palo Verde Community College District (San Bernardino and Riverside Counties) Auction Rate Certificates of Participation: \$18,600,000
- ~ Sacramento Transportation Authority, Measure A Sales Tax Revenue Bonds (Variable Rate), Series A : \$106,100,000; Measure A Sales Tax Revenue Bonds (Variable Rate), Series B : \$106,100,000; and Measure A Sales Tax Revenue Bonds (Variable Rate), Series C: \$106,100,000: Total: \$318,300,000
- ~ Isleton Public Financing Authority, Series 2012 Wastewater Refunding Revenue Bonds (Federally Taxable): \$1,950,000
- ~ Calaveras County Water District, DaLee / Cassidy Water System Assessment District, Series 2010 Limited Obligation Improvement Bonds: \$990,000.00
- ~ City of Austin, Special Assessment Revenue Bonds, Senior Master Series 2011, Whisper Valley Public Improvement District: \$15,500,000
- ~ City of Austin, Special Assessment Revenue Bonds, Subordinate Series 2011, Whisper Valley Public Improvement District: \$18,485,168
- ~ City of Pismo Beach, Series 2012 Wastewater Refunding Revenue Bonds: \$5,710,000
- ~ Independent Cities Finance Authority (Planada Community Services District), Wastewater Revenue Notes, Issue of 2012: \$3,175,000
- ~ San Lorenzo Valley Water District, 2012 Water Revenue Refunding Bond: \$5,508,471.59

Revise

May 30, 2012

Town of Discover Bay Community Services District
1800 Willow Lake Road
Discovery Bay, CA 94505
Attention: Mr. Richard Howard, General Manager

Re: *US\$1,800,000 Town Of Discovery Bay Community Services District, California, Water Revenue Bonds*
US\$12,000,000 Town Of Discovery Bay Community Services District, California, Waste Water Revenue Bonds

Dear Mr. Howard:

Thank you for your request for a Standard & Poor's public rating for the above-referenced obligations. In accepting a Standard & Poor's rating, you agree to accept and comply with this letter and the enclosed Terms and Conditions.

Please return this executed engagement as soon as possible as no significant analytical work will commence until it is received. Return directly to me (Morna Lebron) at PublicFinanceEngagementLtrs@sandp.com

We will make every effort to provide you with the high level of analytical performance and knowledgeable service for which we've become known worldwide. You will be contacted directly by your assigned analytic team.

In consideration of our analytic review and issuance of the rating, you agree to pay us the following fees:

Rating Fee of \$15,000. Standard & Poor's reserves the right to adjust the rating fee if the proposed par amount changes. Payment of the fee is not conditioned on Standard & Poor's issuance of any particular rating.

Derivatives Products analysis fee. Standard & Poor's charges a separate fee for our review of derivative products. This separate fee is applicable for derivative products secured by any of the issuer/obligor's revenues. Derivative products include, but are not limited to, interest rate swaps, caps, collars, floors, and swaptions. Derivative products analysis fees will be determined on a case-by-case basis based on the number and complexity of the derivative products.

Other fees and expenses. You will reimburse Standard & Poor's for reasonable travel and legal expenses if such expenses are not included in the fee. Should the rating not be issued, you agree to



compensate us based on our time, effort, and charges incurred through the date upon which it is determined that the rating will not be issued.

Note Regarding Private and Confidential Ratings: If you request a confidential rating under this Agreement, you agree that the rating will be exclusively for your internal use, and not to disclose it to any third party other than your professional advisors who are bound by appropriate confidentiality obligations or as otherwise required by law or regulation or for regulatory purposes.

If you request a private rating under this Agreement, Standard & Poor's will make such rating and related report available by email or through a password-protected website or third-party private document exchange to a limited number of third parties you identify, and you agree not to disclose such rating to any third party other than (A) to your professional advisors who are bound by appropriate confidentiality obligations, (B) as required by law or regulation or for regulatory purposes, or (C) for the purpose of preparing required periodic reports relating to the assets owned by a special purpose vehicle that has purchased the rated obligation, provided that the preparer(s) of the reports must agree to keep the information confidential and the private rating shall not be referred to or listed in the reports under the heading "credit rating," "rating" or "S&P rating", and shall be identified only as a "Standard & Poor's implied rating" or similar term. If a third-party private document exchange is used, you agree to pay a one time administrative fee of \$10,000 in addition to the fees outlined in this Agreement. You also agree to maintain the list of third-parties authorized to access the private rating current and to notify Standard & Poor's in writing of any changes to that list. Standard & Poor's may make access to the private rating subject to certain terms and conditions, and disclose on its public website the fact that the rated entity or obligations (as applicable) has been assigned a private rating.

Please sign below to indicate your acceptance of this letter and the enclosed terms and conditions and return the signed original of this letter to me as soon as possible.

Please feel free to call me if you have any questions or suggestions about our fee policies. In addition, please visit our web site at www.standardandpoors.com for our ratings definitions and criteria, research highlights, and related information. We appreciate your business and look forward to working with you.



Sincerely yours,

Morna Lebron

Standard & Poor's Ratings Services
a Standard & Poor's Financial Services LLC business

By: Morna Lebron
Manager Fee Administration

sb

cc: Mr. Daniel Massiello, Vice President
Kinsell, Newcomb de Dios, Inc.

CONFIRMED, AGREED AND ACCEPTED
AS OF THE DATE FIRST ABOVE WRITTEN

Town of Discover Bay CSD

By:

Name:

Title:





Standard & Poor's Ratings Services Terms and Conditions Applicable To Public Finance Ratings

You understand and agree that:

General. The ratings and other views of Standard & Poor's Ratings Services ("Ratings Services") are statements of opinion and not statements of fact. A rating is not a recommendation to purchase, hold, or sell any securities nor does it comment on market price, marketability, investor preference or suitability of any security. While Ratings Services bases its ratings and other views on information provided by issuers and their agents and advisors, and other information from sources it believes to be reliable, Ratings Services does not perform an audit, and undertakes no duty of due diligence or independent verification, of any information it receives. Such information and Ratings Services' opinions should not be relied upon in making any investment decision. Ratings Services does not act as a "fiduciary" or an investment advisor. Ratings Services neither recommends nor will recommend how an issuer can or should achieve a particular rating outcome nor provides or will provide consulting, advisory, financial or structuring advice.

All Rating Actions in Ratings Services' Sole Discretion. Ratings Services may assign, raise, lower, suspend, place on CreditWatch, or withdraw a rating, and assign or revise an Outlook, at any time, in Ratings Services' sole discretion. Ratings Services may take any of the foregoing actions notwithstanding any request for a confidential or private rating or a withdrawal of a rating, or termination of this Agreement. Ratings Services will not convert a public rating to a confidential or private rating, or a private rating to a confidential rating.

Publication. Ratings Services reserves the right to use, publish, disseminate, or license others to use, publish or disseminate the rating provided hereunder and any analytical reports, including the rationale for the rating, unless you specifically request in connection with the initial rating that the rating be assigned and maintained on a confidential or private basis. If, however, a confidential or private rating or the existence of a confidential or private rating subsequently becomes public through disclosure other than by an act of Ratings Services or its affiliates, Ratings Services reserves the right to treat the rating as a public rating, including, without limitation, publishing the rating and any related analytical reports. Any analytical reports published by Ratings Services are not issued by or on behalf of you or at your request. Notwithstanding anything to the contrary herein, Ratings Services reserves the right to use, publish, disseminate or license others to use, publish or disseminate analytical reports with respect to public ratings that have been withdrawn, regardless of the reason for such withdrawal. Ratings Services may publish explanations of Ratings Services' ratings criteria from time to time and nothing in this Agreement shall be construed as limiting Ratings Services' ability to modify or refine its ratings criteria at any time as Ratings Services deems appropriate.

Information to be Provided by You. For so long as this Agreement is in effect, in connection with the rating provided hereunder, you warrant that you will provide, or cause to be provided, as promptly as practicable, to Ratings Services all information requested by Ratings Services in accordance with its applicable published ratings criteria. The rating, and the maintenance of the rating, may be affected by Ratings Services' opinion of the information received from you or your agents or advisors. You further warrant that all information provided to Ratings Services by you or your agents or advisors regarding the rating or, if applicable, surveillance of the rating, as of the date such information is provided, (i) is true, accurate and complete in all material respects and, in light of the circumstances in which it was provided, not misleading and (ii) does not infringe or violate the intellectual property rights of a third party. A material breach of the warranties in this paragraph shall constitute a material breach of this Agreement.

Confidential Information. For purposes of this Agreement, "Confidential Information" shall mean verbal or written information that you or your agents or advisors have provided to Ratings Services and, in a specific and particularized manner, have marked or otherwise indicated in writing (either prior to or promptly following such disclosure) that such



information is "Confidential". Notwithstanding the foregoing, information disclosed by you or your agents or advisors to Ratings Services shall not be deemed to be Confidential Information, and Ratings Services shall have no obligation to treat such information as Confidential Information, if such information (i) was known by Ratings Services or its affiliates at the time of such disclosure and was not known by Ratings Services to be subject to a prohibition on disclosure, (ii) was known to the public at the time of such disclosure, (iii) becomes known to the public (other than by an act of Ratings Services or its affiliates) subsequent to such disclosure, (iv) is disclosed to Ratings Services or its affiliates by a third party subsequent to such disclosure and Ratings Services reasonably believes that such third party's disclosure to Ratings Services or its affiliates was not prohibited, (v) is developed independently by Ratings Services or its affiliates without reference to the Confidential Information, (vi) is approved in writing by you for public disclosure, or (vii) is required by law or regulation to be disclosed by Ratings Services or its affiliates. Ratings Services is aware that U.S. and state securities laws may impose restrictions on trading in securities when in possession of material, non-public information and has adopted securities trading and communication policies to that effect.

Ratings Services' Use of Information. Except as otherwise provided herein, Ratings Services shall not disclose Confidential Information to third parties. Ratings Services may (i) use Confidential Information to assign, raise, lower, suspend, place on CreditWatch, or withdraw a rating, and assign or revise an Outlook, and (ii) share Confidential Information with its affiliates engaged in the ratings business who are bound by appropriate confidentiality obligations; in each case, subject to the restrictions contained herein, Ratings Services and such affiliates may publish information derived from Confidential Information. Ratings Services may also use, and share Confidential Information with any of its affiliates or agents engaged in the ratings or other financial services businesses who are bound by appropriate confidentiality obligations ("Relevant Affiliates and Agents"), for modelling, benchmarking and research purposes; in each case, subject to the restrictions contained herein, Ratings Services and such affiliates may publish information derived from Confidential Information. With respect to structured finance ratings not maintained on a confidential or private basis, Ratings Services may publish data aggregated from Confidential Information, excluding data that is specific to and identifies individual debtors ("Relevant Data"), and share such Confidential Information with any of its Relevant Affiliates and Agents for general market dissemination of Relevant Data; you confirm that, to the best of your knowledge, such publication would not breach any confidentiality obligations you may have toward third parties. Ratings Services will comply with all applicable U.S. and state laws, rules and regulations protecting personally-identifiable information and the privacy rights of individuals. Ratings Services acknowledges that you may be entitled to seek specific performance and injunctive or other equitable relief as a remedy for Ratings Services' disclosure of Confidential Information in violation of this Agreement. Ratings Services and its affiliates reserve the right to use, publish, disseminate, or license others to use, publish or disseminate any non-Confidential Information provided by you, your agents or advisors.

Ratings Services Not an Expert, Underwriter or Seller under Securities Laws. Ratings Services has not consented to and will not consent to being named an "expert" or any similar designation under any applicable securities laws or other regulatory guidance, rules or recommendations, including without limitation, Section 7 of the U.S. Securities Act of 1933. Ratings Services is not an "underwriter" or "seller" as those terms are defined under applicable securities laws or other regulatory guidance, rules or recommendations, including without limitation Sections 11 and 12(a)(2) of the U.S. Securities Act of 1933. Rating Services has not performed the role or tasks associated with an "underwriter" or "seller" under the United States federal securities laws or other regulatory guidance, rules or recommendations in connection with this engagement.

Office of Foreign Assets Control. As of the date of this Agreement, (a) neither you nor the issuer (if you are not the issuer) or any of your or the issuer's subsidiaries, or any director or corporate officer of any of the foregoing entities, is the subject of any U.S. sanctions administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury ("OFAC Sanctions"), (b) neither you nor the issuer (if you are not the issuer) is 50% or more owned or controlled, directly or indirectly, by any person or entity ("parent") that is the subject of OFAC Sanctions, and (c) to the best of your knowledge, no entity 50% or more owned or controlled by a direct or indirect parent of you or the issuer (if you are not the issuer) is the subject of OFAC sanctions. For so long as this Agreement is in effect, you will promptly notify Ratings Services if any of these circumstances change.

Ratings Services' Use of Confidential and Private Ratings. Ratings Services may use confidential and private ratings in its analysis of the debt issued by collateralized debt obligation (CDO) and other investment vehicles. Ratings Services may



disclose a confidential or private rating as a confidential credit estimate or assessment to the managers of CDO and similar investment vehicles. Ratings Services may permit CDO managers to use and disseminate credit estimates or assessments on a limited basis and subject to various restrictions; however, Ratings Services cannot control any such use or dissemination.

Entire Agreement. Nothing in this Agreement shall prevent you, the issuer (if you are not the issuer) or Ratings Services from acting in accordance with applicable laws and regulations. Subject to the prior sentence, this Agreement, including any amendment made in accordance with the provisions hereof, constitutes the complete and entire agreement between the parties on all matters regarding the rating provided hereunder. The terms of this Agreement supersede any other terms and conditions relating to information provided to Ratings Services by you or your agents and advisors hereunder, including without limitation, terms and conditions found on, or applicable to, websites or other means through which you or your agents and advisors make such information available to Ratings Services, regardless if such terms and conditions are entered into before or after the date of this Agreement. Such terms and conditions shall be null and void as to Ratings Services.

Limitation on Damages. Ratings Services does not and cannot guarantee the accuracy, completeness, or timeliness of the information relied on in connection with a rating or the results obtained from the use of such information. RATINGS SERVICES GIVES NO EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE. Ratings Services, its affiliates or third party providers, or any of their officers, directors, shareholders, employees or agents shall not be liable to you, your affiliates or any person asserting claims on your behalf, directly or indirectly, for any inaccuracies, errors, or omissions, in each case regardless of cause, actions, damages (consequential, special, indirect, incidental, punitive, compensatory, exemplary or otherwise), claims, liabilities, costs, expenses, legal fees or losses (including, without limitation, lost income or lost profits and opportunity costs) in any way arising out of or relating to the rating provided hereunder or the related analytic services even if advised of the possibility of such damages or other amounts except to the extent such damages or other amounts are finally determined by a court of competent jurisdiction in a proceeding in which you and Ratings Services are parties to result from gross negligence, intentional wrongdoing, or willful misconduct of Ratings Services. In furtherance and not in limitation of the foregoing, Ratings Services will not be liable to you, your affiliates or any person asserting claims on your behalf in respect of any decisions alleged to be made by any person based on anything that may be perceived as advice or recommendations. In the event that Ratings Services is nevertheless held liable to you, your affiliates, or any person asserting claims on your behalf for monetary damages under this Agreement, in no event shall Ratings Services be liable in an aggregate amount in excess of US\$5,000,000 except to the extent such monetary damages directly result from Ratings Services' intentional wrongdoing or willful misconduct. The provisions of this paragraph shall apply regardless of the form of action, damage, claim, liability, cost, expense, or loss, whether in contract, statute, tort (including, without limitation, negligence), or otherwise. Neither party waives any protections, privileges, or defenses it may have under law, including but not limited to, the First Amendment of the Constitution of the United States of America.

Termination of Agreement. This Agreement may be terminated by either party at any time upon written notice to the other party. Except where expressly limited to the term of this Agreement, these Terms and Conditions shall survive the termination of this Agreement.

No Third-Party Beneficiaries. Nothing in this Agreement, or the rating when issued, is intended or should be construed as creating any rights on behalf of any third parties, including, without limitation, any recipient of the rating. No person is intended as a third party beneficiary of this Agreement or of the rating when issued.

Binding Effect. This Agreement shall be binding on, and inure to the benefit of, the parties hereto and their successors and assigns.

Severability. In the event that any term or provision of this Agreement shall be held to be invalid, void, or unenforceable, then the remainder of this Agreement shall not be affected, impaired, or invalidated, and each such term and provision shall be valid and enforceable to the fullest extent permitted by law.



Amendments. This Agreement may not be amended or superseded except by a writing that specifically refers to this Agreement and is executed manually or electronically by authorized representatives of both parties.

Reservation of Rights. The parties to this Agreement do not waive, and reserve the right to contest, any issues regarding sovereign immunity, the applicable governing law and the appropriate forum for resolving any disputes arising out of or relating to this Agreement.



Preliminary

Town of Discovery Bay Community Services District

Proposed 2012 Water and Wastewater Revenue Bonds

\$13MM Project Fund, DSRF, Cap-I, 20y

Issue Summary

Total Issue Sources And Uses

Dated 08/09/2012 | Delivered 08/09/2012

	Water	Sewer	Issue Summary
Sources Of Funds			
Par Amount of Bonds	\$1,665,000.00	\$12,950,000.00	\$14,615,000.00
Total Sources	\$1,665,000.00	\$12,950,000.00	\$14,615,000.00
Uses Of Funds			
Total Underwriter's Discount (0.750%)	12,487.50	97,125.00	109,612.50
Costs of Issuance	15,949.37	124,050.63	140,000.00
Deposit to Debt Service Reserve Fund (DSRF)	120,442.50	922,125.00	1,042,567.50
Deposit to Capitalized Interest (CIF) Fund	35,871.39	279,253.39	315,124.78
Deposit to Project Construction Fund	1,476,000.00	11,524,000.00	13,000,000.00
Rounding Amount	4,249.24	3,445.98	7,695.22
Total Uses	\$1,665,000.00	\$12,950,000.00	\$14,615,000.00

Preliminary

Town of Discovery Bay Community Services District

Proposed 2012 Water and Wastewater Revenue Bonds

\$13MM Project Fund, DSRF, Cap-I, 20y

Issue Summary

Net Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	DSR	CIF	Net New D/S
06/30/2013	-	-	315,124.78	315,124.78	-	(315,124.78)	-
06/30/2014	635,000.00	-	386,763.75	1,021,763.75	-	-	1,021,763.75
06/30/2015	640,000.00	-	382,457.50	1,022,457.50	-	-	1,022,457.50
06/30/2016	645,000.00	-	376,672.50	1,021,672.50	-	-	1,021,672.50
06/30/2017	655,000.00	-	369,517.50	1,024,517.50	-	-	1,024,517.50
06/30/2018	660,000.00	-	360,967.50	1,020,967.50	-	-	1,020,967.50
06/30/2019	670,000.00	-	350,652.50	1,020,652.50	-	-	1,020,652.50
06/30/2020	685,000.00	-	338,278.75	1,023,278.75	-	-	1,023,278.75
06/30/2021	700,000.00	-	323,900.00	1,023,900.00	-	-	1,023,900.00
06/30/2022	715,000.00	-	307,620.00	1,022,620.00	-	-	1,022,620.00
06/30/2023	735,000.00	-	289,301.25	1,024,301.25	-	-	1,024,301.25
06/30/2024	755,000.00	-	266,161.25	1,021,161.25	-	-	1,021,161.25
06/30/2025	785,000.00	-	238,826.25	1,023,826.25	-	-	1,023,826.25
06/30/2026	810,000.00	-	210,515.00	1,020,515.00	-	-	1,020,515.00
06/30/2027	840,000.00	-	181,227.50	1,021,227.50	-	-	1,021,227.50
06/30/2028	870,000.00	-	150,875.00	1,020,875.00	-	-	1,020,875.00
06/30/2029	905,000.00	-	119,368.75	1,024,368.75	-	-	1,024,368.75
06/30/2030	935,000.00	-	86,708.75	1,021,708.75	-	-	1,021,708.75
06/30/2031	970,000.00	-	52,895.00	1,022,895.00	-	-	1,022,895.00
06/30/2032	1,005,000.00	-	17,838.75	1,022,838.75	(1,042,567.50)	-	(19,728.75)
Total	\$14,615,000.00	-	\$5,125,672.28	\$19,740,672.28	(1,042,567.50)	(315,124.78)	\$18,382,980.00

Preliminary

Town of Discovery Bay Community Services District

Proposed 2012 Water and Wastewater Revenue Bonds

\$13MM Project Fund, DSRF, Cap-I, 20y

Issue Summary

Pricing Summary

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price	Dollar Price
12/01/2013	Serial Coupon	0.550%	0.550%	635,000.00	100.000%	635,000.00
12/01/2014	Serial Coupon	0.800%	0.800%	640,000.00	100.000%	640,000.00
12/01/2015	Serial Coupon	1.000%	1.000%	645,000.00	100.000%	645,000.00
12/01/2016	Serial Coupon	1.200%	1.200%	655,000.00	100.000%	655,000.00
12/01/2017	Serial Coupon	1.400%	1.400%	660,000.00	100.000%	660,000.00
12/01/2018	Serial Coupon	1.700%	1.700%	670,000.00	100.000%	670,000.00
12/01/2019	Serial Coupon	1.950%	1.950%	685,000.00	100.000%	685,000.00
12/01/2020	Serial Coupon	2.200%	2.200%	700,000.00	100.000%	700,000.00
12/01/2021	Serial Coupon	2.400%	2.400%	715,000.00	100.000%	715,000.00
12/01/2022	Serial Coupon	2.650%	2.650%	735,000.00	100.000%	735,000.00
12/01/2031	Term 1 Coupon	3.550%	3.550%	7,875,000.00	100.000%	7,875,000.00
Total	-	-	-	\$14,615,000.00	-	\$14,615,000.00

Bid Information

Par Amount of Bonds	\$14,615,000.00
Gross Production	\$14,615,000.00
Total Underwriter's Discount (0.750%)	\$(109,612.50)
Bid (99.250%)	14,505,387.50
Total Purchase Price	\$14,505,387.50
Bond Year Dollars	\$162,511.89
Average Life	11.120 Years
Average Coupon	3.1540291%
Net Interest Cost (NIC)	3.2214780%
True Interest Cost (TIC)	3.1923993%

Preliminary

Town of Discovery Bay Community Services District

Proposed 2012 Water and Wastewater Revenue Bonds

\$13MM Project Fund, DSRF, Cap-I, 30y

Issue Summary

Total Issue Sources And Uses

Dated 08/09/2012 | Delivered 08/09/2012

	Water	Sewer	Issue Summary
Sources Of Funds			
Par Amount of Bonds	\$1,655,000.00	\$12,890,000.00	\$14,545,000.00
Total Sources	\$1,655,000.00	\$12,890,000.00	\$14,545,000.00
Uses Of Funds			
Total Underwriter's Discount (0.750%)	12,412.50	96,675.00	109,087.50
Costs of Issuance	15,929.86	124,070.14	140,000.00
Deposit to Debt Service Reserve Fund (DSRF)	99,940.00	766,130.00	866,070.00
Deposit to Capitalized Interest (CIF) Fund	48,119.17	374,978.69	423,097.86
Deposit to Project Construction Fund	1,476,000.00	11,524,000.00	13,000,000.00
Rounding Amount	2,598.47	4,146.17	6,744.64
Total Uses	\$1,655,000.00	\$12,890,000.00	\$14,545,000.00

Preliminary

Town of Discovery Bay Community Services District

Proposed 2012 Water and Wastewater Revenue Bonds

\$13MM Project Fund, DSRF, Cap-I, 30y

Issue Summary

Net Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	DSR	CIF	Net New D/S
06/30/2013	-	-	423,097.86	423,097.86	-	(423,097.86)	-
06/30/2014	325,000.00	-	520,733.75	845,733.75	-	-	845,733.75
06/30/2015	325,000.00	-	518,540.00	843,540.00	-	-	843,540.00
06/30/2016	335,000.00	-	515,565.00	850,565.00	-	-	850,565.00
06/30/2017	335,000.00	-	511,880.00	846,880.00	-	-	846,880.00
06/30/2018	340,000.00	-	507,490.00	847,490.00	-	-	847,490.00
06/30/2019	345,000.00	-	502,177.50	847,177.50	-	-	847,177.50
06/30/2020	350,000.00	-	495,832.50	845,832.50	-	-	845,832.50
06/30/2021	355,000.00	-	488,515.00	843,515.00	-	-	843,515.00
06/30/2022	365,000.00	-	480,230.00	845,230.00	-	-	845,230.00
06/30/2023	380,000.00	-	470,815.00	850,815.00	-	-	850,815.00
06/30/2024	390,000.00	-	457,590.00	847,590.00	-	-	847,590.00
06/30/2025	405,000.00	-	440,895.00	845,895.00	-	-	845,895.00
06/30/2026	425,000.00	-	423,465.00	848,465.00	-	-	848,465.00
06/30/2027	440,000.00	-	405,300.00	845,300.00	-	-	845,300.00
06/30/2028	465,000.00	-	386,295.00	851,295.00	-	-	851,295.00
06/30/2029	480,000.00	-	366,450.00	846,450.00	-	-	846,450.00
06/30/2030	500,000.00	-	345,870.00	845,870.00	-	-	845,870.00
06/30/2031	525,000.00	-	324,345.00	849,345.00	-	-	849,345.00
06/30/2032	545,000.00	-	301,875.00	846,875.00	-	-	846,875.00
06/30/2033	570,000.00	-	278,460.00	848,460.00	-	-	848,460.00
06/30/2034	590,000.00	-	254,100.00	844,100.00	-	-	844,100.00
06/30/2035	620,000.00	-	228,690.00	848,690.00	-	-	848,690.00
06/30/2036	645,000.00	-	202,125.00	847,125.00	-	-	847,125.00
06/30/2037	670,000.00	-	174,510.00	844,510.00	-	-	844,510.00
06/30/2038	700,000.00	-	145,740.00	845,740.00	-	-	845,740.00
06/30/2039	735,000.00	-	115,605.00	850,605.00	-	-	850,605.00
06/30/2040	760,000.00	-	84,210.00	844,210.00	-	-	844,210.00
06/30/2041	795,000.00	-	51,555.00	846,555.00	-	-	846,555.00
06/30/2042	830,000.00	-	17,430.00	847,430.00	(866,070.00)	-	(18,640.00)
Total	\$14,545,000.00	-	\$10,439,386.61	\$24,984,386.61	(866,070.00)	(423,097.86)	\$23,695,218.75

Preliminary

Town of Discovery Bay Community Services District

Proposed 2012 Water and Wastewater Revenue Bonds

\$13MM Project Fund, DSRF, Cap-I, 30y

Issue Summary

Pricing Summary

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price	Dollar Price
12/01/2013	Serial Coupon	0.550%	0.550%	325,000.00	100.000%	325,000.00
12/01/2014	Serial Coupon	0.800%	0.800%	325,000.00	100.000%	325,000.00
12/01/2015	Serial Coupon	1.000%	1.000%	335,000.00	100.000%	335,000.00
12/01/2016	Serial Coupon	1.200%	1.200%	335,000.00	100.000%	335,000.00
12/01/2017	Serial Coupon	1.400%	1.400%	340,000.00	100.000%	340,000.00
12/01/2018	Serial Coupon	1.700%	1.700%	345,000.00	100.000%	345,000.00
12/01/2019	Serial Coupon	1.950%	1.950%	350,000.00	100.000%	350,000.00
12/01/2020	Serial Coupon	2.200%	2.200%	355,000.00	100.000%	355,000.00
12/01/2021	Serial Coupon	2.400%	2.400%	365,000.00	100.000%	365,000.00
12/01/2022	Serial Coupon	2.650%	2.650%	380,000.00	100.000%	380,000.00
12/01/2041	Term 1 Coupon	4.200%	4.200%	11,090,000.00	100.000%	11,090,000.00
Total	-	-	-	\$14,545,000.00	-	\$14,545,000.00

Bid Information

Par Amount of Bonds	\$14,545,000.00
Gross Production	\$14,545,000.00
Total Underwriter's Discount (0.750%)	\$(109,087.50)
Bid (99.250%)	14,435,912.50
Total Purchase Price	\$14,435,912.50
Bond Year Dollars	\$259,590.11
Average Life	17.847 Years
Average Coupon	4.0214886%
Net Interest Cost (NIC)	4.0635115%
True Interest Cost (TIC)	4.0309023%

Preliminary

Town of Discovery Bay Community Services District

Proposed 2012 Water and Wastewater Revenue Bonds

\$14.7MM Project Fund, DSRF, Cap-I, 20y

Issue Summary

Net Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+i	DSR	CIF	Net New D/S
06/30/2013	-	-	355,737.11	355,737.11	-	(355,737.11)	-
06/30/2014	715,000.00	-	436,613.75	1,151,613.75	-	-	1,151,613.75
06/30/2015	725,000.00	-	431,747.50	1,156,747.50	-	-	1,156,747.50
06/30/2016	730,000.00	-	425,197.50	1,155,197.50	-	-	1,155,197.50
06/30/2017	740,000.00	-	417,107.50	1,157,107.50	-	-	1,157,107.50
06/30/2018	745,000.00	-	407,452.50	1,152,452.50	-	-	1,152,452.50
06/30/2019	755,000.00	-	395,820.00	1,150,820.00	-	-	1,150,820.00
06/30/2020	775,000.00	-	381,846.25	1,156,846.25	-	-	1,156,846.25
06/30/2021	790,000.00	-	365,600.00	1,155,600.00	-	-	1,155,600.00
06/30/2022	805,000.00	-	347,250.00	1,152,250.00	-	-	1,152,250.00
06/30/2023	830,000.00	-	326,592.50	1,156,592.50	-	-	1,156,592.50
06/30/2024	855,000.00	-	300,418.75	1,155,418.75	-	-	1,155,418.75
06/30/2025	885,000.00	-	269,533.75	1,154,533.75	-	-	1,154,533.75
06/30/2026	915,000.00	-	237,583.75	1,152,583.75	-	-	1,152,583.75
06/30/2027	950,000.00	-	204,480.00	1,154,480.00	-	-	1,154,480.00
06/30/2028	985,000.00	-	170,133.75	1,155,133.75	-	-	1,155,133.75
06/30/2029	1,015,000.00	-	134,633.75	1,149,633.75	-	-	1,149,633.75
06/30/2030	1,055,000.00	-	97,891.25	1,152,891.25	-	-	1,152,891.25
06/30/2031	1,095,000.00	-	59,728.75	1,154,728.75	-	-	1,154,728.75
06/30/2032	1,135,000.00	-	20,146.25	1,155,146.25	(1,175,297.50)	-	(20,151.25)
Total	\$16,500,000.00	-	\$5,785,514.61	\$22,285,514.61	(1,175,297.50)	(355,737.11)	\$20,754,480.00

Preliminary

Town of Discovery Bay Community Services District

Proposed 2012 Water and Wastewater Revenue Bonds

\$14.7MM Project Fund, DSRF, Cap-I, 20y

Issue Summary

Pricing Summary

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price	Dollar Price
12/01/2013	Serial Coupon	0.550%	0.550%	715,000.00	100.000%	715,000.00
12/01/2014	Serial Coupon	0.800%	0.800%	725,000.00	100.000%	725,000.00
12/01/2015	Serial Coupon	1.000%	1.000%	730,000.00	100.000%	730,000.00
12/01/2016	Serial Coupon	1.200%	1.200%	740,000.00	100.000%	740,000.00
12/01/2017	Serial Coupon	1.400%	1.400%	745,000.00	100.000%	745,000.00
12/01/2018	Serial Coupon	1.700%	1.700%	755,000.00	100.000%	755,000.00
12/01/2019	Serial Coupon	1.950%	1.950%	775,000.00	100.000%	775,000.00
12/01/2020	Serial Coupon	2.200%	2.200%	790,000.00	100.000%	790,000.00
12/01/2021	Serial Coupon	2.400%	2.400%	805,000.00	100.000%	805,000.00
12/01/2022	Serial Coupon	2.650%	2.650%	830,000.00	100.000%	830,000.00
12/01/2031	Term 1 Coupon	3.550%	3.550%	8,890,000.00	100.000%	8,890,000.00
Total	-	-	-	\$16,500,000.00	-	\$16,500,000.00

Bid Information

Par Amount of Bonds	\$16,500,000.00
Gross Production	\$16,500,000.00
Total Underwriter's Discount (0.750%)	\$(123,750.00)
Bid (99.250%)	16,376,250.00
Total Purchase Price	\$16,376,250.00
Bond Year Dollars	\$183,438.33
Average Life	11.117 Years
Average Coupon	3.1539289%
Net Interest Cost (NIC)	3.2213903%
True Interest Cost (TIC)	3.1923000%

Preliminary

Town of Discovery Bay Community Services District

Proposed 2012 Water and Wastewater Revenue Bonds

\$14.7MM Project Fund, DSRF, Cap-I, 20y

Issue Summary

Total Issue Sources And Uses

Dated 08/09/2012 | Delivered 08/09/2012

	Water	Sewer	Issue Summary
Sources Of Funds			
Par Amount of Bonds	\$1,660,000.00	\$14,840,000.00	\$16,500,000.00
Total Sources	\$1,660,000.00	\$14,840,000.00	\$16,500,000.00
Uses Of Funds			
Total Underwriter's Discount (0.750%)	12,450.00	111,300.00	123,750.00
Costs of Issuance	14,084.85	125,915.15	140,000.00
Deposit to Debt Service Reserve Fund (DSRF)	119,087.50	1,056,210.00	1,175,297.50
Deposit to Capitalized Interest (CIF) Fund	35,727.42	320,009.69	355,737.11
Deposit to Project Construction Fund	1,476,000.00	13,224,000.00	14,700,000.00
Rounding Amount	2,650.23	2,565.16	5,215.39
Total Uses	\$1,660,000.00	\$14,840,000.00	\$16,500,000.00

Preliminary

Town of Discovery Bay Community Services District

Proposed 2012 Water and Wastewater Revenue Bonds

\$14.7MM Project Fund, DSRF, Cap-I, 30y

Issue Summary

Total Issue Sources And Uses

Dated 08/09/2012 | Delivered 08/09/2012

	Water	Sewer	Issue Summary
Sources Of Funds			
Par Amount of Bonds	\$1,655,000.00	\$14,770,000.00	\$16,425,000.00
Total Sources	\$1,655,000.00	\$14,770,000.00	\$16,425,000.00
Uses Of Funds			
Total Underwriter's Discount (0.750%)	12,412.50	110,775.00	123,187.50
Costs of Issuance	14,106.56	125,893.44	140,000.00
Deposit to Debt Service Reserve Fund (DSRF)	99,940.00	879,300.00	979,240.00
Deposit to Capitalized Interest (CIF) Fund	48,119.17	429,602.97	477,722.14
Deposit to Project Construction Fund	1,476,000.00	13,224,000.00	14,700,000.00
Rounding Amount	4,421.77	428.59	4,850.36
Total Uses	\$1,655,000.00	\$14,770,000.00	\$16,425,000.00

Preliminary

Town of Discovery Bay Community Services District

Proposed 2012 Water and Wastewater Revenue Bonds

\$14.7MM Project Fund, DSRF, Cap-I, 30y

Issue Summary

Net Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	DSR	CIF	Net New D/S
06/30/2013	-	-	477,722.14	477,722.14	-	(477,722.14)	-
06/30/2014	365,000.00	-	587,968.75	952,968.75	-	-	952,968.75
06/30/2015	370,000.00	-	585,485.00	955,485.00	-	-	955,485.00
06/30/2016	375,000.00	-	582,130.00	957,130.00	-	-	957,130.00
06/30/2017	380,000.00	-	577,975.00	957,975.00	-	-	957,975.00
06/30/2018	385,000.00	-	573,000.00	958,000.00	-	-	958,000.00
06/30/2019	390,000.00	-	566,990.00	956,990.00	-	-	956,990.00
06/30/2020	395,000.00	-	559,823.75	954,823.75	-	-	954,823.75
06/30/2021	405,000.00	-	551,517.50	956,517.50	-	-	956,517.50
06/30/2022	415,000.00	-	542,082.50	957,082.50	-	-	957,082.50
06/30/2023	425,000.00	-	531,471.25	956,471.25	-	-	956,471.25
06/30/2024	440,000.00	-	516,600.00	956,600.00	-	-	956,600.00
06/30/2025	455,000.00	-	497,805.00	952,805.00	-	-	952,805.00
06/30/2026	480,000.00	-	478,170.00	958,170.00	-	-	958,170.00
06/30/2027	500,000.00	-	457,590.00	957,590.00	-	-	957,590.00
06/30/2028	525,000.00	-	436,065.00	961,065.00	-	-	961,065.00
06/30/2029	545,000.00	-	413,595.00	958,595.00	-	-	958,595.00
06/30/2030	565,000.00	-	390,285.00	955,285.00	-	-	955,285.00
06/30/2031	590,000.00	-	366,030.00	956,030.00	-	-	956,030.00
06/30/2032	615,000.00	-	340,725.00	955,725.00	-	-	955,725.00
06/30/2033	640,000.00	-	314,370.00	954,370.00	-	-	954,370.00
06/30/2034	665,000.00	-	286,965.00	951,965.00	-	-	951,965.00
06/30/2035	700,000.00	-	258,300.00	958,300.00	-	-	958,300.00
06/30/2036	730,000.00	-	228,270.00	958,270.00	-	-	958,270.00
06/30/2037	760,000.00	-	196,980.00	956,980.00	-	-	956,980.00
06/30/2038	790,000.00	-	164,430.00	954,430.00	-	-	954,430.00
06/30/2039	825,000.00	-	130,515.00	955,515.00	-	-	955,515.00
06/30/2040	860,000.00	-	95,130.00	955,130.00	-	-	955,130.00
06/30/2041	900,000.00	-	58,170.00	958,170.00	-	-	958,170.00
06/30/2042	935,000.00	-	19,635.00	954,635.00	(979,240.00)	-	(24,605.00)
Total	\$16,425,000.00	-	\$11,785,795.89	\$28,210,795.89	(979,240.00)	(477,722.14)	\$26,753,833.75

Preliminary

Town of Discovery Bay Community Services District

Proposed 2012 Water and Wastewater Revenue Bonds

\$14.7MM Project Fund, DSRF, Cap-I, 30y

Issue Summary

Pricing Summary

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price	Dollar Price
12/01/2013	Serial Coupon	0.550%	0.550%	365,000.00	100.000%	365,000.00
12/01/2014	Serial Coupon	0.800%	0.800%	370,000.00	100.000%	370,000.00
12/01/2015	Serial Coupon	1.000%	1.000%	375,000.00	100.000%	375,000.00
12/01/2016	Serial Coupon	1.200%	1.200%	380,000.00	100.000%	380,000.00
12/01/2017	Serial Coupon	1.400%	1.400%	385,000.00	100.000%	385,000.00
12/01/2018	Serial Coupon	1.700%	1.700%	390,000.00	100.000%	390,000.00
12/01/2019	Serial Coupon	1.950%	1.950%	395,000.00	100.000%	395,000.00
12/01/2020	Serial Coupon	2.200%	2.200%	405,000.00	100.000%	405,000.00
12/01/2021	Serial Coupon	2.400%	2.400%	415,000.00	100.000%	415,000.00
12/01/2022	Serial Coupon	2.650%	2.650%	425,000.00	100.000%	425,000.00
12/01/2041	Term I Coupon	4.200%	4.200%	12,520,000.00	100.000%	12,520,000.00
Total	-	-	-	\$16,425,000.00	-	\$16,425,000.00

Bid Information

Par Amount of Bonds	\$16,425,000.00
Gross Production	\$16,425,000.00
Total Underwriter's Discount (0.750%)	\$(123,187.50)
Bid (99.250%)	16,301,812.50
Total Purchase Price	\$16,301,812.50
Bond Year Dollars	\$293,090.00
Average Life	17.844 Years
Average Coupon	4.0212207%
Net Interest Cost (NIC)	4.0632514%
True Interest Cost (TIC)	4.0305741%



**Town of Discovery Bay
Community Services District**

RESOLUTION NO. 2012-11

**RESOLUTION OF THE OF THE BOARD OF DIRECTORS
OF THE TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT
AUTHORIZING THE COMMENCEMENT OF PROCEEDINGS IN CONNECTION WITH
THE EXECUTION AND DELIVERY OF WATER AND WASTEWATER BOND OBLIGATIONS,
APPOINTING AN UNDERWRITER, A BOND COUNSEL, A DISCLOSURE COUNSEL AND
AUTHORIZING THE GENERAL MANAGER TO ENTER INTO CERTAIN AGREEMENTS IN
CONNECTION THEREWITH**

WHEREAS, the Town of Discovery Bay Community Services District (the "Town of Discovery Bay") desires and intends to finance the costs of acquiring, constructing, repairing, expanding, modernizing, and/or equipping of its Water and Wastewater Enterprises (collectively, the "Project"); and

WHEREAS, the Town of Discovery Bay intends to finance the acquisition, construction, repairing, expanding, modernizing, and/or equipping of the Project or portions of the Project with the proceeds of the sale of tax-exempt municipal bonds, notes, certificates of participation, or revenue bonds, the interest upon which is excluded from gross income for federal income tax purposes (the "Bonds"); and

WHEREAS, in order to efficiently accomplish the issuance of the Bonds, the Town of Discovery Bay desires to appoint an underwriter, bond counsel and disclosure counsel to provide necessary professional services in connection therewith; and

WHEREAS, the Town of Discovery Bay desires to engage Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business (the "S&P"), to conduct a public rating of the Bonds; and

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. Findings and Determinations. The Board of Directors of the Town of Discovery Bay (the "Board") hereby finds that the above recitals are true and correct. The Board determines that it is necessary and desirable to provide financing for the Project by the issuance and sale of Bonds, subject to authorization of the issuance of the Bonds by resolution of the Town of Discovery Bay at a subsequent meeting to be held for such purpose. This Resolution does not bind the Town of Discovery Bay to make any expenditure, incur any indebtedness or proceed with the Bonds except as otherwise specifically provided herein.

Section 2. Bonds to be Limited Obligations. The Bonds and the interest thereon shall be special limited obligations of the Town of Discovery Bay secured by installment payments (the "Installment Payments") of the Water and Wastewater Enterprises, respectively, in favor of the owners of the Bonds. The Bonds and interest thereon shall not be deemed to constitute a debt or liability of the Town of Discovery Bay within the meaning of any constitutional, statutory, or other limitation or provision and shall not constitute a pledge of the full faith and credit of the Town of Discovery Bay. The issuance of the Bonds shall not directly, indirectly or contingently, obligate the Town of Discovery Bay to levy any form of taxation therefor or to make any appropriation for their payment.

Section 3. Authorized Representatives. The President, Vice-President, General Manager and any other person authorized by the Town of Discovery Bay Board of Directors to act on behalf of the Town of Discovery Bay shall each be an "Authorized Representative" of the Town of Discovery Bay for the purposes of structuring and providing for the issuance of the Bonds.

Section 4. Appointment of Bond Counsel and Underwriter. The Weist Law Firm, 108 Whispering Pines Drive, Suite 235, Scotts Valley, CA 95066 is hereby appointed to act as Bond Counsel and Disclosure Counsel with respect to the Bonds, and is authorized and directed to take any legal action and to prepare and submit to the appropriate parties all proceedings, agreements and other documents as shall be necessary and customary in connection with the issuance of the Bonds. Kinsell, Newcomb & De Dios, Inc., 2776 Gateway Rd., Carlsbad, CA 92009 is hereby appointed to serve as Underwriter for the Bonds. The duties, responsibilities and fees of the Underwriter and Bond Counsel are set forth in separate consulting agreements, each of which have been presented to this Board for consideration, and this Board hereby approves said consulting agreements and authorizes and directs the General Manager to execute and deliver the same on behalf of the Town of Discovery Bay.

Section 5. Approval of Rating Agency Agreement. The General Manager is hereby authorized and directed to request S&P to perform its ratings analysis, and to provide its corresponding rating on the Bonds, in accordance with a services agreement (the "Agreement"). The General Manager is hereby authorized to enter into the Agreement between the Town of Discovery Bay and S&P, the form of which has been presented to this Board for consideration, and this Board hereby approves said Agreement and authorizes and directs the General Manager to execute and deliver the same on behalf of the Town of Discovery Bay.

Section 6. Official Actions. The Authorized Representatives of the Town of Discovery Bay are hereby authorized and directed, to execute the agreements specifically referred to herein and to do and perform any and all acts and things, from time to time, consistent with this resolution and necessary or appropriate to carry the same into effect and to carry out its purposes.

Section 7. Effective Date. This Resolution shall take effect from and after the date of its passage and adoption.

PASSED, APPROVED AND ADOPTED THIS 6th DAY OF June 2012.

V. Chris Steele
Board President

I hereby certify that the foregoing Resolution was duly adopted by the Board of Directors of the Town of Discovery Bay Community Services District at a regularly scheduled meeting, held on June 6, 2012, by the following vote of the Board:

AYES:
NOES:
ABSENT:
ABSTAIN:

Richard J. Howard
Board Secretary