



TOWN OF DISCOVERY BAY
COMMUNITY SERVICES DISTRICT
RESOLUTION NO. 2012-14

A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT
AUTHORIZING AND DIRECTING THE EXECUTION AND DELIVERY OF A
JOINT EXERCISE OF POWERS AGREEMENT AND APPOINTING
THE DISTRICT'S REPRESENTATIVES TO THE GOVERNING
BOARD OF THE DISCOVERY BAY PUBLIC FINANCING AUTHORITY CREATED THEREBY

WHEREAS, the Town of Discovery Bay Community Services District (the "Discovery Bay CSD") is a community services district duly organized and validly existing under the Constitution and laws of the State of California; and

WHEREAS, the Discovery Bay CSD, upon authorization of the Board of Directors of the Discovery Bay CSD (the "Board"), may, pursuant to Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "JPA Law"), enter into joint exercise of powers agreement with one or more other public agencies pursuant to which such contracting parties may jointly exercise any power common to them or conferred to them by the JPA Law; and

WHEREAS, the Discovery Bay CSD and the Byron Bethany Irrigation District (the "Irrigation District") intend to enter into a joint exercise of powers agreement pursuant to the JPA Law (the "Joint Exercise of Powers Agreement") pursuant to which the Discovery Bay Public Financing Authority (the "Authority") will be created to, among other things, make loans and purchase and sell bonds of local agencies, at public or private sale as authorized by the Marks-Roos Local Bond Pooling Act of 1985 constituting Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the California Government Code (the "Bond Pooling Act"); and

WHEREAS, under California law and the Joint Exercise of Powers Agreement, the Authority will be a public entity separate and apart from the parties to the Joint Exercise of Powers Agreement and the debts, liabilities and obligations of the Authority will not be the debts, liabilities or obligations of the Discovery Bay CSD or the Irrigation District or any representative of either the Discovery Bay CSD or the Irrigation District serving on the governing body of the Authority (the "Governing Board"); and

WHEREAS, this Board proposes to authorize the execution of the above-referenced Joint Exercise of Powers Agreement, in substantially the form presented to this Board; and

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

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

SECTION 1. Declaration of Board of Directors. This Board hereby specifically finds and declares that the actions authorized hereby constitute and are with respect to public affairs of the Discovery Bay CSD, and that the statements, findings and determinations of the Discovery Bay CSD set forth in the preambles above and of the documents approved herein are true and correct.

SECTION 2. Joint Exercise of Powers Agreement. The form of Joint Exercise of Powers Agreement, presented to this meeting and on file with the Secretary is hereby approved. The President, Vice-President, General Manager, and any other Discovery Bay CSD officer or official of the Discovery Bay CSD, is hereby authorized and directed to execute the final Joint Exercise of Powers Agreement, for and in the name of and on behalf of the Discovery Bay CSD, with such changes therein as such officer may require or approve, with such approval to be conclusively evidenced by the execution and delivery thereof.

SECTION 3. Purpose of the Joint Exercise of Powers Agreement. The purpose of the Joint Exercise of Powers Agreement and the creation of the Authority is for the Discovery Bay CSD and the Irrigation District, through the Authority, to jointly exercise

the powers set forth in both the JPA Law and the Bond Pooling Act, including, but not limited to, (i) the purchase and sale, at public or negotiated sale, certain obligations issued by members of the Authority, or (ii) make loans, secured or unsecured, to local agencies, or (iii) sell, at public or negotiated sale, obligations, or (iv) issue and sell, at public or negotiated sale, bonds secured in whole or in part by such obligations. Reference is hereby made to both the JPA Law and the Bond Pooling Act for a complete recital of the powers of the Authority the exercise of which is the purpose of the Authority. The Authority is authorized, in its own name, to do all acts necessary to exercise such powers in order to fulfill the purposes of the Joint Exercise of Powers Agreement.

SECTION 4. Determination of Significant Public Benefits. The Discovery Bay CSD has determined and hereby declares that the creation of the Authority for the express purpose of providing a pool of funds from which the Discovery Bay CSD may draw to finance local public capital improvements offers significant public benefits in that there will be both (i) demonstrable savings in effective interest rates, bond preparation costs, bond underwriting, and other bond issuance costs by having the Authority purchase the Discovery Bay CSD's obligations rather than selling them to the public by some other means, and (ii) more efficient delivery of services to residential and commercial development within the Discovery Bay CSD.

SECTION 5. Attestation and Seal. The Secretary is hereby authorized and directed to attest the signature of the authorized signatory, and to affix and attest the seal of the Discovery Bay CSD, as may be required or appropriate in connection with the execution and delivery of the Joint Exercise of Powers Agreement.

SECTION 6. Further Actions. The President, Vice-President, General Manager, Secretary and any other Discovery Bay CSD officer or official is hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents which they may deem necessary or advisable in order to consummate, carry out, give effect to and comply with the terms and intent of this resolution and the Joint Exercise of Powers Agreement. Such actions heretofore taken by such officers are hereby ratified, confirmed and approved.

SECTION 7. Effective Date. This resolution shall take effect immediately upon its passage and adoption.

PASSED, APPROVED AND ADOPTED this 20th 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 20, 2012, by the following vote of the Board:

AYES:
NOES:
ABSENT:
ABSTAIN:

Richard J. Howard
Board Secretary

JOINT EXERCISE OF POWERS AGREEMENT

by and between the

TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT

and the

BYRON BETHANY IRRIGATION DISTRICT

creating the

DISCOVERY BAY PUBLIC FINANCING AUTHORITY

Dated as of

July 1, 2012

JOINT EXERCISE OF POWERS AGREEMENT

THIS AGREEMENT is executed as of July 1, 2012 and shall become effective as of July 1, 2012, and is by and between the **TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT**, a community services district duly organized and validly existing under the laws of the State of California (the "Discovery Bay CSD"), and the **BYRON BETHANY IRRIGATION DISTRICT**, a public irrigation district duly organized and validly existing under the laws of the State of California (the "Irrigation District"), and hereafter referred to as "Members."

RECITALS

This Agreement is predicated upon the following facts:

A. Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "JPA Law") authorizes public agencies organized and operating under the laws of the State of California to create a joint exercise of powers entity which has the power to exercise any powers common to the contracting parties and to exercise additional powers granted to it under the JPA Law.

B. The Members are public agencies organized and operating under the laws of the State of California.

C. The Discovery Bay CSD is authorized to buy, sell and lease property and to issue bonds, expend bond proceeds, and borrow and loan money for any of its corporate purposes pursuant to the provisions of the Community Services District Law of the State of California.

D. The Irrigation District is authorized to buy, sell and lease property and to issue bonds, expend bond proceeds, and borrow and loan money for certain public purposes pursuant to the Government Code of the State of California.

E. This Agreement creates a legal joint powers authority, to be known as the "Discovery Bay Public Financing Authority," which is a legal entity, separate from the parties to this Agreement, and which entity shall be responsible for the administration and implementation of this Agreement.

F. The Discovery Bay Public Financing Authority (the "Authority") is authorized under the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4, Chapter 5, Division 7, Title 1 (commencing with Section 6584) of the California Government Code, as amended (the "Bond Pooling Act") to, among other things, purchase, at public or negotiated sale, certain qualified obligations (the "Obligations") issued by Members of the Authority and other public agencies and sell, at public or negotiated sale, such Obligations or issue and sell, at public or negotiated sale, Bonds secured in whole or in part by such Obligations.

G. Each of the Members may accomplish the purposes and objectives described in this Agreement by various means, including through making grants, loans or providing other financial assistance to governmental and nonprofit organizations.

H. All capitalized terms used herein are defined in "ARTICLE I - Definitions" hereof.

NOW, THEREFORE, for and in consideration of the mutual benefits, covenants, and agreements set forth in this Agreement, the parties agree as follows:

ARTICLE I

DEFINITIONS

The following definitions shall apply to the provisions of this Agreement:

"Authority" shall mean the Discovery Bay Public Financing Authority created by this Agreement.

"Agreement" shall mean this Joint Exercise of Powers Agreement, as it may be amended from time to time, creating the Authority.

"Board," "Governing Board" or "Board of Directors" shall mean the governing body of the Authority.

"Bond Pooling Act" shall mean the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4, Chapter 5, Division 7, Title 1 (commencing with Section 6584) of the California Government Code, as amended from time to time.

"Bond Purchase Contract" shall mean any contractual agreement executed between the Authority and a Local Agency whereby the Authority agrees to purchase the Obligations of the Local Agency (which shall specify the maximum interest rate for the Obligations, the costs of issuance, the amount of reserve fund and procedures in case of default).

"Bonds" shall mean bonds and any other evidence of indebtedness of the Authority authorized and issued pursuant to the Act.

"Brown Act" shall mean the Ralph M. Brown Act, constituting Sections 54950 through 54963 of the California Government Code as the same may be amended and supplemented, and any successor statute.

"Chairperson" shall mean the Chairperson of the Governing Board pursuant to Article V.

“Discovery Bay CSD” shall mean the Town of Discovery Bay Community Services District, a community services district duly organized and existing under the laws of the State of California.

“Executive Director” shall mean the executive director of the Authority pursuant to Article VII.

“Fiscal Year” shall mean the period of time from the effective date of this Agreement to June 30, 2013, and thereafter every July 1 to June 30 of each following year.

“Indenture” shall mean an instrument providing for the issuance of Bonds and specifying the terms and conditions thereof and includes an indenture of trust, a trust agreement, a resolution, an order or any other instrument or proceeding.

“Irrigation District” shall mean the Byron Bethany Irrigation District.

“JPA Law” shall mean Chapter 5 of Division 7 of Title 1 (commencing with Section 6500) of the California Government Code, as amended.

“Local Agency” shall mean a “local agency” as defined in Section 6585(f) of the California Government Code.

“Member” shall mean any public agency (as defined in the JPA Law) which is a party to this Agreement.

“Obligation” shall mean any bond (including, but not limited to, assessment bonds, redevelopment agency bonds, government issued mortgage bonds, and industrial development bonds), note (including bond, revenue, tax or grant anticipation notes), commercial paper, lease-purchase agreement, certificate of participation, floating rate, and variable maturity securities or other evidences of indebtedness, which is purchased by the Authority from a Local Agency which is the issuer thereof at a public or negotiated sale, or which is otherwise acquired by the Authority pursuant to the Bond Pooling Act or an indenture providing for the issuance of Bonds.

“Public Capital Improvements” shall have the meaning given to such term in Section 6585(g) of the California Government Code.

“Secretary” shall mean the Secretary of the Authority.

“State” shall mean the State of California.

“Treasurer” shall mean the treasurer and auditor of the Authority, pursuant to Article VII.

“Vice-Chairperson” shall mean the Vice-Chairperson of the Governing Board pursuant to Article V.

“Working Capital” shall have the meaning given to such term in Section 6585(i) of the California Government Code.

ARTICLE II

CREATION OF DISCOVERY BAY PUBLIC FINANCING AUTHORITY

Pursuant to the JPA Law, the parties hereto do hereby create a public entity separate and apart from the Members, to be known as the Discovery Bay Public Financing Authority, hereinafter referred to as the “Authority.”

It is hereby declared that the debts, liabilities, and obligations of the Authority shall not constitute debts, liabilities, or obligations of any Member; however, notwithstanding this declaration, any Member may separately contract for or assume responsibility for specific debts, liabilities, or obligations of the Authority, pursuant to California Government Code Section 6508.1. Pursuant to and to the extent required by Government Code Section 6509, the Authority shall be restricted in the exercise of its powers in the same manner as the Members are restricted in their exercise of similar powers, except as otherwise specifically authorized by the JPA Law and the Bond Pooling Act.

Within 30 days after the effective date of this Agreement or any amendment hereto, the Authority will cause a notice of this Agreement and any amendment hereof to be prepared and filed with the office of the Secretary of State of the State of California in the manner set forth in Section 6503.5 of the JPA Law.

ARTICLE III

PURPOSE AND POWERS

The purpose of creating this Authority is for the Members, through the Authority, to jointly exercise the powers set forth in both the JPA Law and the Bond Pooling Act, including, but not limited to, (i) the purchase and sale, at public or negotiated sale, certain Obligations issued by Members of the Authority or other Local Agencies, or (ii) sell, at public or negotiated sale, Obligations, or (iii) issue and sell, at public or negotiated sale, Bonds secured in whole or in part by such Obligations. Reference is hereby made to both the JPA Law and the Bond Pooling Act for a complete recital of the powers of the Authority the exercise of which is the purpose of the Authority. The Authority shall have all powers common to its Members and all powers granted by applicable law, including without limitation, the JPA Law and the Bond Pooling Act. The Authority is authorized, in its own name, to do all acts necessary to exercise such powers to fulfill the purposes of this Agreement.

Without limiting the foregoing, the Authority shall have the power to do all things allowed by the JPA Law and the Bond Pooling Act, including, but not limited to, each of the following:

- A. To assist Local Agencies to finance and refinance, through the issuance of Bonds or other instruments of indebtedness, Public Capital Improvements and Working Capital and other costs as permitted by the JPA Law and the Bond Pooling Act.
- B. Purchase Obligations upon the terms and conditions and in the manner set forth in the JPA Law and the Bond Pooling Act.
- C. Incur debts, liabilities, and obligations.
- D. Acquire, hold or dispose of real and personal property.
- E. Receive contributions and donations of property, funds, services, and other forms of assistance from any source.
- F. Sue and be sued in its own name.
- G. Employ agents and employees.
- H. Acquire, construct, manage, maintain or operate buildings, works, or improvements.
- I. Lease real and personal property (including that of a Member or Local Agency) as lessor and as lessee.
- J. Receive, collect, and disburse monies.
- K. Invest money in the treasury of the Authority in the same manner and on the same conditions as local agencies pursuant to Government Code Section 53601.
- L. Issue Bonds to pay the cost of any Public Capital Improvement, Working Capital, liability or other insurance program as set forth in the JPA Law and the Bond Pooling Act.
- M. To make and enter contracts.
- N. To enter into any Bond Purchase Contract with any Local Agency.
- O. To make secured or unsecured loans to any Local Agency in connection with the financing of capital improvement projects, working capital or insurance programs in accordance with an agreement between the Authority and the Local Agency, subject to the further provisions of the Bond Pooling Act.
- P. To make secured or unsecured loans to any Local Agency in accordance with an agreement between the Authority and the Local Agency to refinance indebtedness

incurred by the Local Agency in connection with Public Capital Improvements undertaken and completed.

- Q. Exercise all other powers necessary and proper to carry out the provisions of this Agreement.

All of the privileges and immunities from liability, exemptions from laws, ordinances and rules, all pension, relief, disability, workmen's compensation, and other benefits which apply to the activity of officers, agents or employees of any such public agency when performing their respective functions within the territorial limits of their respective public agencies, shall apply to them to the same degree and extent while engaged in the performance of any of their functions and duties extraterritorially under the provisions of the JPA Law.

The Authority may enter into agreements with other state agencies pursuant to the provisions of Section 11256 of the California Government Code.

ARTICLE IV

PARTIES TO AGREEMENT

Each Member represents and warrants that it intends to, and does hereby, contract with the other Member identified on the signature page hereof and any new members admitted to the Authority pursuant to Article XIV. Each Member also represents and warrants that the withdrawal or expulsion of any Member, pursuant to Article XII, shall not relieve any Member of its obligations or duties under this Agreement.

ARTICLE V

GOVERNING BOARD

Pursuant to Section 6508 of the California Government Code, the Authority shall be governed by a five-member Governing Board. All of the power and authority of the Authority shall be exercised by the Governing Board, subject, however, to the reserved right of Members with regard to approval of proposed budgets and assumption of financial obligations.

The Governing Board shall be constituted of all of the individuals who, at any given time, are the sworn members of the Board of Directors of the Discovery Bay CSD (individually a "Representative", collectively the "Representatives"). Once an individual is sworn in as a member of the governing body of the Discovery Bay CSD, said individual automatically becomes a Representative of the Authority with no affirmative action required on the part of either the Discovery Bay CSD or the Authority.

Each Representative shall have one vote.

A Representative shall be automatically removed from the Governing Board in the event that the Representative is no longer a member of the Board of Directors of the Discovery Bay CSD, with no affirmative action required on the part of either the Discovery Bay CSD or the Authority.

Representatives are not entitled to compensation. The Governing Board may authorize reimbursement of expenses incurred by Representatives.

Pursuant to Section 6508 of the California Government Code, an official elected or selected to the Governing Board of the Authority who also serves on the legislative body of any Member may act in the capacity of an official of said Member and of the Authority for purposes of providing for the execution of any Indentures, contracts, installment sale agreements, leases or other transactions between said Member and the Authority.

ARTICLE VI

BOARD MEETINGS AND RECORDS

A. Meetings. The regular meeting place of the Governing Board shall be at the Discovery Bay CSD Offices. The regular meeting of the Governing Board shall be held at the time and place of each regular meeting of the Board of Directors of the Discovery Bay CSD. In the event an agenda for a regular meeting of the Authority is not posted timely in accordance with the provisions of Section 54954.2 of the Government Code, such regular meeting is cancelled without any further action of the any Member, the Governing Board or any officer of the Authority. The Governing Board may hold special meetings at any time and from time to time in accordance with law. The first regular meeting shall be held on July 18, 2012 at Discovery Bay CSD Offices, Discovery Bay, California.

B. Ralph M. Brown Act. Each meeting of the Governing Board, including without limitation regular, adjourned regular, and special meetings shall be called, noticed, held, and conducted in accordance with the Ralph M. Brown Act (Section 54950, et seq. of the California Government Code).

C. Minutes. The Authority shall have minutes of regular, adjourned regular, and special meetings kept by the Secretary. As soon as possible after each meeting, the Secretary shall forward to each Representative copies of the minutes, if requested by said Representative.

D. Quorum. A majority of the Representatives of the Governing Board is a quorum for the transaction of business. However, less than a quorum may adjourn from time to time. A vote of the majority of a quorum at a meeting is sufficient to take action.

E. Joint Meetings. The Authority may hold joint meetings with any or all of the Members.

ARTICLE VII

OFFICERS

The Governing Board shall be presided over by a Chairperson and Vice-Chairperson who shall be the same individuals who are the President and Vice-President, respectively, of the Discovery Bay CSD at any given time. Therefore, the Chairperson and Vice-Chairperson, respectively, shall serve commensurately with the respective incumbency of the President and Vice-President of the Discovery Bay CSD; and any removal, resignation, or incapacity of the President or Vice-President of the Discovery Bay CSD shall operate as a corresponding respective removal, resignation or incapacity of the Chairperson and Vice-Chairperson, with no affirmative action required on the part of either the Discovery Bay CSD or the Authority.

The officers of the Authority shall be the Chairperson, Vice-Chairperson, Executive Director, Secretary and Treasurer (defined below).

In the absence or inability of the Chairperson to act, the Vice-Chairperson acts as Chairperson. In the event that both the Chairperson and Vice-Chairperson are unable to act, the remaining Representatives may appoint among themselves a Chairperson to act on an interim basis until such time as either the Chairperson or Vice-Chairperson is available to act. Said temporary Chairperson shall have all the powers given the Chairperson hereunder. The Chairperson shall preside at and conduct all meetings of the Governing Board.

The General Manager of the Discovery Bay CSD shall serve as the Executive Director of the Authority. The Governing Board shall appoint a Secretary and a Treasurer/Auditor of the Authority who may, but need not be, a Representative of the Governing Board or employee of one of the Members. The officers so appointed shall serve until removed by the Governing Board or until such officer resigns or is otherwise incapacitated.

The Treasurer/Auditor shall be so qualified to hold such position pursuant to Sections 6505.5 and 6505.6 of the California Government Code. The Governing Board may appoint such other officers as it considers necessary. Pursuant to Government Code Section 6505.6, the Authority shall designate an officer or employee, or officers and employees, to receive, deposit, invest, and disburse the property of the Authority pursuant to Government Code Sections 6505, 6505.1 and 6505.5. The Authority shall fix the amount of the fidelity bond to be filed by such public officer(s) and/or employee(s). Pursuant to Section 6505.6, the Treasurer/Auditor shall have all of the duties set forth in subdivisions (a) through (d), inclusive, of Section 6505.5 of the California Government Code. Subject to the applicable provisions of any resolution, indenture, trust agreement or other instrument or proceeding authorizing or securing Bonds (each such resolution, indenture, trust agreement, instrument and proceeding being herein referred to as an "Indenture") providing for a trustee or other fiscal agent, and except as may otherwise be specified by resolution of the Governing Board, the Treasurer/Auditor is designated as the depository of the Authority to have custody of all money of the Authority, from whatever source derived and shall have the powers, duties and responsibilities specified in Sections 6505, 6505.5 and 6509.5 of the Government Code.

ARTICLE VIII

MEMBER RESPONSIBILITIES

Each Member shall have the following responsibilities under this Agreement:

A. To consider any and all amendments to this Agreement (as set forth in Article XIX) proposed by any officer or any Representative of the Authority.

ARTICLE IX

BUDGET

If the Authority is going to receive and/or disburse general fund moneys, then the Governing Board shall adopt an annual budget as soon as possible for the first Fiscal Year in which said moneys are going to be received and/or disbursed, and not later than thirty days prior to the beginning of each Fiscal Year thereafter. In the event that the budget is not adopted pursuant to the preceding sentence, the Governing Board shall adopt a budget as soon thereafter as possible. The Authority shall not be required to adopt a budget if (i) the Authority holds no moneys, (ii) the Authority is acting merely as a financial conduit for any Member or for any bond issue, or (iii) the Authority is holding moneys in trust as a part of a bond issue or other type of financing.

ARTICLE X

ANNUAL AUDIT AND REVIEW

The Governing Board shall provide for strict accountability of all funds and report of all receipts and disbursements and shall cause an annual financial audit of the accounts and records to be made by a certified public accountant in compliance with California Government Code Sections 6505 and 6505.5 or 6505.6 with respect to all receipts, disbursements, other transactions, and entries into the books of the Authority. The minimum requirements of the audit shall be those prescribed by the State Controller for special districts under California Government Code Section 26909 and shall conform to generally accepted auditing standards. A report of each audit shall be filed as a public record with each of the Members and also with the county auditor of the county in which each of the Members are located. The report shall be filed within twelve months after the end of the Fiscal Year under examination. The Authority may replace the annual special audit with an audit covering a two-year period upon the unanimous request of the Governing Board. In the event that the only two Members are the Discovery Bay CSD and the Irrigation District, then any such audit may be combined with the audit of either the Discovery Bay CSD or the Irrigation District, so long as the affairs of the Authority is accounted for separately under such audit and such combination does not violate generally accepted auditing standards.

Notwithstanding the foregoing, the Authority shall be exempt from the requirement of an annual audit if the financial statements of the Authority are audited by the State Controller to satisfy federal audit requirements.

ARTICLE XI

ESTABLISHMENT AND ADMINISTRATION OF FUNDS AND PROPERTY

Funds of the Authority may be commingled for investment and administration purposes.

The Treasurer/Auditor shall draw warrants to pay demands against the Authority when the demands have been approved in writing by the Chairperson or Executive Director.

Pursuant to Section 6511 of the California Government Code, all funds or other property acquired by the Authority as a result of this Agreement shall be paid and disposed of, divided, or distributed, as the case may be, as provided in resolutions of the Governing Board.

ARTICLE XII

WITHDRAWAL AND EXPULSION

The Governing Board, by a vote of two-thirds of its Representatives, may expel any Member at any time for material breaches of this Agreement. Any Member may at any time withdraw from this Agreement upon 90 days' notice to the other Members.

The withdrawal or expulsion of any Member after the inception of its participation in any program authorized hereunder shall not terminate its responsibility under this Agreement or under any actions taken in connection therewith, if any.

ARTICLE XIII

TERMINATION

This Agreement shall continue until terminated. However, it cannot be terminated until such time as all principal of and interest on any Bonds, and all other amounts payable under the Indentures pursuant to which such Bonds have been issued, shall have been paid in full. Thereafter, this Agreement may be terminated by vote of two-thirds of the Representatives; provided, however, that this Agreement and the Authority shall continue to exist for the purposes of disposing of all claims, the distribution of assets, and any other functions necessary to conclude the affairs of the Authority.

Any surplus moneys remaining in any fund or account upon termination of this Agreement shall be distributed to each Member in proportion to the contributions made, if any. In the event that no contributions were made by any Member, said surplus moneys shall be

distributed to each Member according to a separate agreement in writing between all the Members, and if no such agreement is executed, said surplus moneys shall be distributed to each Member equally.

The Governing Board is vested with all powers of the Discovery Bay CSD and the Irrigation District for the purpose of concluding and dissolving the business affairs of the Authority.

ARTICLE XIV

NEW MEMBERS

With the approval of two-thirds of the Representatives of the Governing Board and two-thirds of the governing body of each Member of the Authority pursuant to the provisions on amendment of this Agreement set forth in Article XIX, any qualified public agency (as defined in the JPA Law) may become a party to this Agreement and a Member of the Authority. A public agency requesting membership shall apply by presenting to the Authority a resolution of the public agency approving this Agreement. The date that the applying public agency will become a Member will be determined by the Governing Board.

ARTICLE XV

LIABILITY OF THE AUTHORITY

Funds of the Authority may be used to defend, indemnify, and hold harmless the Authority, any Member, any Representative of the Governing Board and any employee of the Authority for their actions taken within the scope of their duties while acting on behalf of the Authority.

ARTICLE XVI

CONTRIBUTIONS AND ADVANCES

Contributions or advances of public funds and of personnel, equipment or property may be made to the Authority by the Discovery Bay CSD and the Irrigation District for any of the purposes of this Agreement. Any such advance shall be made subject to repayment, and shall be repaid, in the manner agreed upon by the Discovery Bay CSD or the Irrigation District, as the case may be, and the Authority at the time of making such advance. It is mutually understood and agreed that, except as otherwise expressly provided in this Agreement, neither the Discovery Bay CSD nor the Irrigation District has any obligation to make advances or contributions to the Authority to provide for the costs and expenses of administration of the Authority, even though either party may do so. The Discovery Bay CSD and the Irrigation District may allow the use of personnel, equipment or property in lieu of other contributions or advances to the Authority.

ARTICLE XVII

INDEMNIFICATION AND DEFENSE

Each party to this Agreement shall defend, hold harmless and indemnify the other party, its officers, agents, and employees against any and all claims, demands, damages, costs, expenses or liability arising out of, or in connection with, any acts performed under this Agreement and caused by the negligence or willful misconduct of the indemnitor, its officers, agents or employees.

ARTICLE XVIII

NOTICES

Notices under this Agreement shall be sufficiently given and shall be deemed given when delivered or mailed by first class mail, postage prepaid, or sent by telegram, telecopier or telex, addressed to the parties as follows:

If to the Discovery Bay CSD:	Town of Discovery Bay CSD 1800 Willow Lake Road Discovery Bay, CA 94505
If to the Irrigation District:	Byron Bethany Irrigation District 7995 Bruns Road Byron, CA 94514

The above parties may, by notice given hereunder, designate any further or different addresses to which subsequent notices or other communications shall be sent. Notices of new Members shall be sufficiently given when delivered in the manner described above to the address indicated in the amendment to this Agreement adding such new Member.

ARTICLE XIX

AMENDMENTS TO THIS AGREEMENT

This Agreement may be amended at any time by vote of two-thirds of the governing body of each of the Members of the Authority.

ARTICLE XX

CONFLICT OF INTEREST CODE

The Authority, to the extent required by law, shall adopt a Conflict of Interest Code which shall be the Conflict of Interest Code of the Discovery Bay CSD.

ARTICLE XXI

SEVERABILITY

Should any portion, term, condition, or provision of this Agreement be decided by a court of competent jurisdiction to be illegal or in conflict with any law of the State of California, or be otherwise rendered unenforceable or ineffectual, the validity of the remaining portions, terms, conditions, and provisions shall not be affected thereby.

ARTICLE XXII

AGREEMENT COMPLETE

The foregoing constitutes the full and complete Agreement of the parties hereto. There are no oral understandings or agreements not set forth in writing herein.

ARTICLE XXIII

GOVERNING LAW

This Agreement shall be governed by and construed in accordance with the laws of the State of California.

[Signature Page to Follow]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first written above.

**TOWN OF DISCOVERY BAY
COMMUNITY SERVICES DISTRICT**

By: _____
President

Executed before me as of the
1st day of July, 2012.

Secretary of the Discovery Bay CSD

**BYRON BETHANY
IRRIGATION DISTRICT**

By: _____
President

Executed before me as of the
1st day of July, 2012.

Secretary of the Byron Bethany Irrigation District



TOWN OF DISCOVERY BAY
COMMUNITY SERVICES DISTRICT
RESOLUTION NO. 2012-15

A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT
AUTHORIZING AND DIRECTING THE EXECUTION AND DELIVERY OF A
JOINT EXERCISE OF POWERS AGREEMENT NECESSARY
FOR THE CREATION OF THE BYRON BETHANY PUBLIC FINANCING AUTHORITY

WHEREAS, the Town of Discovery Bay Community Services District (the "Discovery Bay CSD") is a community services district duly organized and validly existing under the Constitution and laws of the State of California; and

WHEREAS, the Discovery Bay CSD, upon authorization of the Board of Directors of the Discovery Bay CSD (the "Board"), may, pursuant to Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "JPA Law"), enter into joint exercise of powers agreement with one or more other public agencies pursuant to which such contracting parties may jointly exercise any power common to them or conferred to them by the JPA Law; and

WHEREAS, the Discovery Bay CSD and the Byron Bethany Irrigation District (the "Irrigation District") intend to enter into a joint exercise of powers agreement pursuant to the JPA Law (the "Joint Exercise of Powers Agreement") pursuant to which the Byron Bethany Public Financing Authority (the "Authority") will be created to, among other things, make loans and purchase and sell bonds of local agencies, at public or private sale as authorized by the Marks-Roos Local Bond Pooling Act of 1985 constituting Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the California Government Code (the "Bond Pooling Act"); and

WHEREAS, under California law and the Joint Exercise of Powers Agreement, the Authority will be a public entity separate and apart from the parties to the Joint Exercise of Powers Agreement and the debts, liabilities and obligations of the Authority will not be the debts, liabilities or obligations of the Discovery Bay CSD or the Irrigation District or any representative of either the Discovery Bay CSD or the Irrigation District serving on the governing body of the Authority (the "Governing Board"); and

WHEREAS, this Board proposes to authorize the execution of the above-referenced Joint Exercise of Powers Agreement, in substantially the form presented to this Board; and

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

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

SECTION 1. Declaration of Board of Directors. This Board hereby specifically finds and declares that the actions authorized hereby constitute and are with respect to public affairs of the Discovery Bay CSD, and that the statements, findings and determinations of the Discovery Bay CSD set forth in the preambles above and of the documents approved herein are true and correct.

SECTION 2. Joint Exercise of Powers Agreement. The form of Joint Exercise of Powers Agreement, presented to this meeting and on file with the Secretary is hereby approved. The President, Vice-President, General Manager, and any other Discovery Bay CSD officer or official of the Discovery Bay CSD, is hereby authorized and directed to execute the final Joint Exercise of Powers Agreement, for and in the name of and on behalf of the Discovery Bay CSD, with such changes therein as such officer may require or approve, with such approval to be conclusively evidenced by the execution and delivery thereof.

SECTION 3. Purpose of the Joint Exercise of Powers Agreement. The purpose of the Joint Exercise of Powers Agreement and the creation of the Authority is for the Discovery Bay CSD and the Irrigation District, through the Authority, to jointly exercise the powers set forth in both the JPA Law and the Bond Pooling Act, including, but not limited to, (i) the purchase and sale, at public or negotiated sale, certain obligations issued by members of the Authority, or (ii) make loans, secured or unsecured, to

local agencies, or (iii) sell, at public or negotiated sale, obligations, or (iv) issue and sell, at public or negotiated sale, bonds secured in whole or in part by such obligations. Reference is hereby made to both the JPA Law and the Bond Pooling Act for a complete recital of the powers of the Authority the exercise of which is the purpose of the Authority. The Authority is authorized, in its own name, to do all acts necessary to exercise such powers in order to fulfill the purposes of the Joint Exercise of Powers Agreement.

SECTION 4. Determination of Significant Public Benefits. The Discovery Bay CSD has determined and hereby declares that the creation of the Authority for the express purpose of providing a pool of funds from which the Discovery Bay CSD may draw to finance local public capital improvements offers significant public benefits in that there will be both (i) demonstrable savings in effective interest rates, bond preparation costs, bond underwriting, and other bond issuance costs by having the Authority purchase the Discovery Bay CSD's obligations rather than selling them to the public by some other means, and (ii) more efficient delivery of services to residential and commercial development within the Discovery Bay CSD.

SECTION 5. Attestation and Seal. The Secretary is hereby authorized and directed to attest the signature of the authorized signatory, and to affix and attest the seal of the Discovery Bay CSD, as may be required or appropriate in connection with the execution and delivery of the Joint Exercise of Powers Agreement.

SECTION 6. Further Actions. The President, Vice-President, General Manager, Secretary and any other Discovery Bay CSD officer or official is hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents which they may deem necessary or advisable in order to consummate, carry out, give effect to and comply with the terms and intent of this resolution and the Joint Exercise of Powers Agreement. Such actions heretofore taken by such officers are hereby ratified, confirmed and approved.

SECTION 7. Effective Date. This resolution shall take effect immediately upon its passage and adoption.

PASSED, APPROVED AND ADOPTED this 20th 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 20, 2012, by the following vote of the Board:

- AYES:
- NOES:
- ABSENT:
- ABSTAIN:

Richard J. Howard
Board Secretary

JOINT EXERCISE OF POWERS AGREEMENT

by and between the

BYRON BETHANY IRRIGATION DISTRICT

and the

TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT

creating the

BYRON BETHANY PUBLIC FINANCING AUTHORITY

Dated as of

July 1, 2012

JOINT EXERCISE OF POWERS AGREEMENT

THIS AGREEMENT is executed as of July 1, 2012 and shall become effective as of July 1, 2012, and is by and between the **BYRON BETHANY IRRIGATION DISTRICT**, a public irrigation district duly organized and validly existing under the laws of the State of California (the "Irrigation District"), and the **TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT**, a community services district duly organized and validly existing under the laws of the State of California (the "Discovery Bay CSD"), and hereafter referred to as "Members."

RECITALS

This Agreement is predicated upon the following facts:

A. Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "JPA Law") authorizes public agencies organized and operating under the laws of the State of California to create a joint exercise of powers entity which has the power to exercise any powers common to the contracting parties and to exercise additional powers granted to it under the JPA Law.

B. The Members are public agencies organized and operating under the laws of the State of California.

C. The Irrigation District is authorized to buy, sell and lease property and to issue bonds, expend bond proceeds, and borrow and loan money for certain public purposes pursuant to the Government Code of the State of California.

D. The Discovery Bay CSD is authorized to buy, sell and lease property and to issue bonds, expend bond proceeds, and borrow and loan money for any of its corporate purposes pursuant to the provisions of the Community Services District Law of the State of California.

E. This Agreement creates a legal joint powers authority, to be known as the "Byron Bethany Public Financing Authority," which is a legal entity, separate from the parties to this Agreement, and which entity shall be responsible for the administration and implementation of this Agreement.

F. The Byron Bethany Public Financing Authority (the "Authority") is authorized under the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4, Chapter 5, Division 7, Title 1 (commencing with Section 6584) of the California Government Code, as amended (the "Bond Pooling Act") to, among other things, purchase, at public or negotiated sale, certain qualified obligations (the "Obligations") issued by Members of the Authority and other public agencies and sell, at public or negotiated sale, such Obligations or issue and sell, at public or negotiated sale, Bonds secured in whole or in part by such Obligations.

G. Each of the Members may accomplish the purposes and objectives described in this Agreement by various means, including through making grants, loans or providing other financial assistance to governmental and nonprofit organizations.

H. All capitalized terms used herein are defined in "ARTICLE I - Definitions" hereof.

NOW, THEREFORE, for and in consideration of the mutual benefits, covenants, and agreements set forth in this Agreement, the parties agree as follows:

ARTICLE I

DEFINITIONS

The following definitions shall apply to the provisions of this Agreement:

"Authority" shall mean the Byron Bethany Public Financing Authority created by this Agreement.

"Agreement" shall mean this Joint Exercise of Powers Agreement, as it may be amended from time to time, creating the Authority.

"Board," "Governing Board" or "Board of Directors" shall mean the governing body of the Authority.

"Bond Pooling Act" shall mean the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4, Chapter 5, Division 7, Title 1 (commencing with Section 6584) of the California Government Code, as amended from time to time.

"Bond Purchase Contract" shall mean any contractual agreement executed between the Authority and a Local Agency whereby the Authority agrees to purchase the Obligations of the Local Agency (which shall specify the maximum interest rate for the Obligations, the costs of issuance, the amount of reserve fund and procedures in case of default).

"Bonds" shall mean bonds and any other evidence of indebtedness of the Authority authorized and issued pursuant to the Act.

"Brown Act" shall mean the Ralph M. Brown Act, constituting Sections 54950 through 54963 of the California Government Code as the same may be amended and supplemented, and any successor statute.

"Chairperson" shall mean the Chairperson of the Governing Board pursuant to Article V.

“Discovery Bay CSD” shall mean the Town of Discovery Bay Community Services District, a community services district duly organized and existing under the laws of the State of California.

“Executive Director” shall mean the executive director of the Authority pursuant to Article VII.

“Fiscal Year” shall mean the period of time from the effective date of this Agreement to June 30, 2013, and thereafter every July 1 to June 30 of each following year.

“Indenture” shall mean an instrument providing for the issuance of Bonds and specifying the terms and conditions thereof and includes an indenture of trust, a trust agreement, a resolution, an order or any other instrument or proceeding.

“Irrigation District” shall mean the Byron Bethany Irrigation District.

“JPA Law” shall mean Chapter 5 of Division 7 of Title 1 (commencing with Section 6500) of the California Government Code, as amended.

“Local Agency” shall mean a “local agency” as defined in Section 6585(f) of the California Government Code.

“Member” shall mean any public agency (as defined in the JPA Law) which is a party to this Agreement.

“Obligation” shall mean any bond (including, but not limited to, assessment bonds, redevelopment agency bonds, government issued mortgage bonds, and industrial development bonds), note (including bond, revenue, tax or grant anticipation notes), commercial paper, lease-purchase agreement, certificate of participation, floating rate, and variable maturity securities or other evidences of indebtedness, which is purchased by the Authority from a Local Agency which is the issuer thereof at a public or negotiated sale, or which is otherwise acquired by the Authority pursuant to the Bond Pooling Act or an indenture providing for the issuance of Bonds.

“Public Capital Improvements” shall have the meaning given to such term in Section 6585(g) of the California Government Code.

“Secretary” shall mean the Secretary of the Authority.

“State” shall mean the State of California.

“Treasurer” shall mean the treasurer and auditor of the Authority, pursuant to Article VII.

“Vice-Chairperson” shall mean the Vice-Chairperson of the Governing Board pursuant to Article V.

“Working Capital” shall have the meaning given to such term in Section 6585(i) of the California Government Code.

ARTICLE II

CREATION OF BYRON BETHANY PUBLIC FINANCING AUTHORITY

Pursuant to the JPA Law, the parties hereto do hereby create a public entity separate and apart from the Members, to be known as the Byron Bethany Public Financing Authority, hereinafter referred to as the “Authority.”

It is hereby declared that the debts, liabilities, and obligations of the Authority shall not constitute debts, liabilities, or obligations of any Member; however, notwithstanding this declaration, any Member may separately contract for or assume responsibility for specific debts, liabilities, or obligations of the Authority, pursuant to California Government Code Section 6508.1. Pursuant to and to the extent required by Government Code Section 6509, the Authority shall be restricted in the exercise of its powers in the same manner as the Members are restricted in their exercise of similar powers, except as otherwise specifically authorized by the JPA Law and the Bond Pooling Act.

Within 30 days after the effective date of this Agreement or any amendment hereto, the Authority will cause a notice of this Agreement and any amendment hereof to be prepared and filed with the office of the Secretary of State of the State of California in the manner set forth in Section 6503.5 of the JPA Law.

ARTICLE III

PURPOSE AND POWERS

The purpose of creating this Authority is for the Members, through the Authority, to jointly exercise the powers set forth in both the JPA Law and the Bond Pooling Act, including, but not limited to, (i) the purchase and sale, at public or negotiated sale, certain Obligations issued by Members of the Authority or other Local Agencies, or (ii) sell, at public or negotiated sale, Obligations, or (iii) issue and sell, at public or negotiated sale, Bonds secured in whole or in part by such Obligations. Reference is hereby made to both the JPA Law and the Bond Pooling Act for a complete recital of the powers of the Authority the exercise of which is the purpose of the Authority. The Authority shall have all powers common to its Members and all powers granted by applicable law, including without limitation, the JPA Law and the Bond Pooling Act. The Authority is authorized, in its own name, to do all acts necessary to exercise such powers to fulfill the purposes of this Agreement.

Without limiting the foregoing, the Authority shall have the power to do all things allowed by the JPA Law and the Bond Pooling Act, including, but not limited to, each of the following:

- A. To assist Local Agencies to finance and refinance, through the issuance of Bonds or other instruments of indebtedness, Public Capital Improvements and Working Capital and other costs as permitted by the JPA Law and the Bond Pooling Act.
- B. Purchase Obligations upon the terms and conditions and in the manner set forth in the JPA Law and the Bond Pooling Act.
- C. Incur debts, liabilities, and obligations.
- D. Acquire, hold or dispose of real and personal property.
- E. Receive contributions and donations of property, funds, services, and other forms of assistance from any source.
- F. Sue and be sued in its own name.
- G. Employ agents and employees.
- H. Acquire, construct, manage, maintain or operate buildings, works, or improvements.
- I. Lease real and personal property (including that of a Member or Local Agency) as lessor and as lessee.
- J. Receive, collect, and disburse monies.
- K. Invest money in the treasury of the Authority in the same manner and on the same conditions as local agencies pursuant to Government Code Section 53601.
- L. Issue Bonds to pay the cost of any Public Capital Improvement, Working Capital, liability or other insurance program as set forth in the JPA Law and the Bond Pooling Act.
- M. To make and enter contracts.
- N. To enter into any Bond Purchase Contract with any Local Agency.
- O. To make secured or unsecured loans to any Local Agency in connection with the financing of capital improvement projects, working capital or insurance programs in accordance with an agreement between the Authority and the Local Agency, subject to the further provisions of the Bond Pooling Act.
- P. To make secured or unsecured loans to any Local Agency in accordance with an agreement between the Authority and the Local Agency to refinance indebtedness

incurred by the Local Agency in connection with Public Capital Improvements undertaken and completed.

- Q. Exercise all other powers necessary and proper to carry out the provisions of this Agreement.

All of the privileges and immunities from liability, exemptions from laws, ordinances and rules, all pension, relief, disability, workmen's compensation, and other benefits which apply to the activity of officers, agents or employees of any such public agency when performing their respective functions within the territorial limits of their respective public agencies, shall apply to them to the same degree and extent while engaged in the performance of any of their functions and duties extraterritorially under the provisions of the JPA Law.

The Authority may enter into agreements with other state agencies pursuant to the provisions of Section 11256 of the California Government Code.

ARTICLE IV

PARTIES TO AGREEMENT

Each Member represents and warrants that it intends to, and does hereby, contract with the other Member identified on the signature page hereof and any new members admitted to the Authority pursuant to Article XIV. Each Member also represents and warrants that the withdrawal or expulsion of any Member, pursuant to Article XII, shall not relieve any Member of its obligations or duties under this Agreement.

ARTICLE V

GOVERNING BOARD

Pursuant to Section 6508 of the California Government Code, the Authority shall be governed by a five-member Governing Board. All of the power and authority of the Authority shall be exercised by the Governing Board, subject, however, to the reserved right of Members with regard to approval of proposed budgets and assumption of financial obligations.

The Governing Board shall be constituted of all of the individuals who, at any given time, are the sworn members of the Board of Directors of the Irrigation District (individually a "Representative", collectively the "Representatives"). Once an individual is sworn in as a member of the governing body of the Irrigation District, said individual automatically becomes a Representative of the Authority with no affirmative action required on the part of either the Irrigation District or the Authority.

Each Representative shall have one vote.

A Representative shall be automatically removed from the Governing Board in the event that the Representative is no longer a member of the Board of Directors of the Irrigation District, with no affirmative action required on the part of either the Irrigation District or the Authority.

Representatives are not entitled to compensation. The Governing Board may authorize reimbursement of expenses incurred by Representatives.

Pursuant to Section 6508 of the California Government Code, an official elected or selected to the Governing Board of the Authority who also serves on the legislative body of any Member may act in the capacity of an official of said Member and of the Authority for purposes of providing for the execution of any Indentures, contracts, installment sale agreements, leases or other transactions between said Member and the Authority.

ARTICLE VI

BOARD MEETINGS AND RECORDS

A. Meetings. The regular meeting place of the Governing Board shall be at the Irrigation District Offices. The regular meeting of the Governing Board shall be held at the time and place of each regular meeting of the Board of Directors of the Irrigation District. In the event an agenda for a regular meeting of the Authority is not posted timely in accordance with the provisions of Section 54954.2 of the Government Code, such regular meeting is cancelled without any further action of the any Member, the Governing Board or any officer of the Authority. The Governing Board may hold special meetings at any time and from time to time in accordance with law. The first regular meeting shall be held on _____, 2012 at Irrigation District Offices, Byron, California.

B. Ralph M. Brown Act. Each meeting of the Governing Board, including without limitation regular, adjourned regular, and special meetings shall be called, noticed, held, and conducted in accordance with the Ralph M. Brown Act (Section 54950, et seq. of the California Government Code).

C. Minutes. The Authority shall have minutes of regular, adjourned regular, and special meetings kept by the Secretary. As soon as possible after each meeting, the Secretary shall forward to each Representative copies of the minutes, if requested by said Representative.

D. Quorum. A majority of the Representatives of the Governing Board is a quorum for the transaction of business. However, less than a quorum may adjourn from time to time. A vote of the majority of a quorum at a meeting is sufficient to take action.

E. Joint Meetings. The Authority may hold joint meetings with any or all of the Members.

ARTICLE VII

OFFICERS

The Governing Board shall be presided over by a Chairperson and Vice-Chairperson who shall be the same individuals who are the President and Vice-President, respectively, of the Irrigation District at any given time. Therefore, the Chairperson and Vice-Chairperson, respectively, shall serve commensurately with the respective incumbency of the President and Vice-President of the Irrigation District; and any removal, resignation, or incapacity of the President or Vice-President of the Irrigation District shall operate as a corresponding respective removal, resignation or incapacity of the Chairperson and Vice-Chairperson, with no affirmative action required on the part of either the Irrigation District or the Authority.

The officers of the Authority shall be the Chairperson, Vice-Chairperson, Executive Director, Secretary and Treasurer (defined below).

In the absence or inability of the Chairperson to act, the Vice-Chairperson acts as Chairperson. In the event that both the Chairperson and Vice-Chairperson are unable to act, the remaining Representatives may appoint among themselves a Chairperson to act on an interim basis until such time as either the Chairperson or Vice-Chairperson is available to act. Said temporary Chairperson shall have all the powers given the Chairperson hereunder. The Chairperson shall preside at and conduct all meetings of the Governing Board.

The General Manager of the Irrigation District shall serve as the Executive Director of the Authority. The Governing Board shall appoint a Secretary and a Treasurer/Auditor of the Authority who may, but need not be, a Representative of the Governing Board or employee of one of the Members. The officers so appointed shall serve until removed by the Governing Board or until such officer resigns or is otherwise incapacitated.

The Treasurer/Auditor shall be so qualified to hold such position pursuant to Sections 6505.5 and 6505.6 of the California Government Code. The Governing Board may appoint such other officers as it considers necessary. Pursuant to Government Code Section 6505.6, the Authority shall designate an officer or employee, or officers and employees, to receive, deposit, invest, and disburse the property of the Authority pursuant to Government Code Sections 6505, 6505.1 and 6505.5. The Authority shall fix the amount of the fidelity bond to be filed by such public officer(s) and/or employee(s). Pursuant to Section 6505.6, the Treasurer/Auditor shall have all of the duties set forth in subdivisions (a) through (d), inclusive, of Section 6505.5 of the California Government Code. Subject to the applicable provisions of any resolution, indenture, trust agreement or other instrument or proceeding authorizing or securing Bonds (each such resolution, indenture, trust agreement, instrument and proceeding being herein referred to as an "Indenture") providing for a trustee or other fiscal agent, and except as may otherwise be specified by resolution of the Governing Board, the Treasurer/Auditor is designated as the depository of the Authority to have custody of all money of the Authority, from whatever source derived and shall have the powers, duties and responsibilities specified in Sections 6505, 6505.5 and 6509.5 of the Government Code.

ARTICLE VIII

MEMBER RESPONSIBILITIES

Each Member shall have the following responsibilities under this Agreement:

A. To consider any and all amendments to this Agreement (as set forth in Article XIX) proposed by any officer or any Representative of the Authority.

ARTICLE IX

BUDGET

If the Authority is going to receive and/or disburse general fund moneys, then the Governing Board shall adopt an annual budget as soon as possible for the first Fiscal Year in which said moneys are going to be received and/or disbursed, and not later than thirty days prior to the beginning of each Fiscal Year thereafter. In the event that the budget is not adopted pursuant to the preceding sentence, the Governing Board shall adopt a budget as soon thereafter as possible. The Authority shall not be required to adopt a budget if (i) the Authority holds no moneys, (ii) the Authority is acting merely as a financial conduit for any Member or for any bond issue, or (iii) the Authority is holding moneys in trust as a part of a bond issue or other type of financing.

ARTICLE X

ANNUAL AUDIT AND REVIEW

The Governing Board shall provide for strict accountability of all funds and report of all receipts and disbursements and shall cause an annual financial audit of the accounts and records to be made by a certified public accountant in compliance with California Government Code Sections 6505 and 6505.5 or 6505.6 with respect to all receipts, disbursements, other transactions, and entries into the books of the Authority. The minimum requirements of the audit shall be those prescribed by the State Controller for special districts under California Government Code Section 26909 and shall conform to generally accepted auditing standards. A report of each audit shall be filed as a public record with each of the Members and also with the county auditor of the county in which each of the Members are located. The report shall be filed within twelve months after the end of the Fiscal Year under examination. The Authority may replace the annual special audit with an audit covering a two-year period upon the unanimous request of the Governing Board. In the event that the only two Members are the Irrigation District and the Discovery Bay CSD, then any such audit may be combined with the audit of either the Irrigation District or the Discovery Bay CSD, so long as the affairs of the Authority is accounted for separately under such audit and such combination does not violate generally accepted auditing standards.

Notwithstanding the foregoing, the Authority shall be exempt from the requirement of an annual audit if the financial statements of the Authority are audited by the State Controller to satisfy federal audit requirements.

ARTICLE XI

ESTABLISHMENT AND ADMINISTRATION OF FUNDS AND PROPERTY

Funds of the Authority may be commingled for investment and administration purposes.

The Treasurer/Auditor shall draw warrants to pay demands against the Authority when the demands have been approved in writing by the Chairperson or Executive Director.

Pursuant to Section 6511 of the California Government Code, all funds or other property acquired by the Authority as a result of this Agreement shall be paid and disposed of, divided, or distributed, as the case may be, as provided in resolutions of the Governing Board.

ARTICLE XII

WITHDRAWAL AND EXPULSION

The Governing Board, by a vote of two-thirds of its Representatives, may expel any Member at any time for material breaches of this Agreement. Any Member may at any time withdraw from this Agreement upon 90 days' notice to the other Members.

The withdrawal or expulsion of any Member after the inception of its participation in any program authorized hereunder shall not terminate its responsibility under this Agreement or under any actions taken in connection therewith, if any.

ARTICLE XIII

TERMINATION

This Agreement shall continue until terminated. However, it cannot be terminated until such time as all principal of and interest on any Bonds, and all other amounts payable under the Indentures pursuant to which such Bonds have been issued, shall have been paid in full. Thereafter, this Agreement may be terminated by vote of two-thirds of the Representatives; provided, however, that this Agreement and the Authority shall continue to exist for the purposes of disposing of all claims, the distribution of assets, and any other functions necessary to conclude the affairs of the Authority.

Any surplus moneys remaining in any fund or account upon termination of this Agreement shall be distributed to each Member in proportion to the contributions made, if any. In the event that no contributions were made by any Member, said surplus moneys shall be

distributed to each Member according to a separate agreement in writing between all the Members, and if no such agreement is executed, said surplus moneys shall be distributed to each Member equally.

The Governing Board is vested with all powers of the Irrigation District and the Discovery Bay CSD for the purpose of concluding and dissolving the business affairs of the Authority.

ARTICLE XIV

NEW MEMBERS

With the approval of two-thirds of the Representatives of the Governing Board and two-thirds of the governing body of each Member of the Authority pursuant to the provisions on amendment of this Agreement set forth in Article XIX, any qualified public agency (as defined in the JPA Law) may become a party to this Agreement and a Member of the Authority. A public agency requesting membership shall apply by presenting to the Authority a resolution of the public agency approving this Agreement. The date that the applying public agency will become a Member will be determined by the Governing Board.

ARTICLE XV

LIABILITY OF THE AUTHORITY

Funds of the Authority may be used to defend, indemnify, and hold harmless the Authority, any Member, any Representative of the Governing Board and any employee of the Authority for their actions taken within the scope of their duties while acting on behalf of the Authority.

ARTICLE XVI

CONTRIBUTIONS AND ADVANCES

Contributions or advances of public funds and of personnel, equipment or property may be made to the Authority by the Irrigation District and the Discovery Bay CSD for any of the purposes of this Agreement. Any such advance shall be made subject to repayment, and shall be repaid, in the manner agreed upon by the Irrigation District or the Discovery Bay CSD, as the case may be, and the Authority at the time of making such advance. It is mutually understood and agreed that, except as otherwise expressly provided in this Agreement, neither the Irrigation District nor the Discovery Bay CSD has any obligation to make advances or contributions to the Authority to provide for the costs and expenses of administration of the Authority, even though either party may do so. The Irrigation District and the Discovery Bay CSD may allow the use of personnel, equipment or property in lieu of other contributions or advances to the Authority.

ARTICLE XVII

INDEMNIFICATION AND DEFENSE

Each party to this Agreement shall defend, hold harmless and indemnify the other party, its officers, agents, and employees against any and all claims, demands, damages, costs, expenses or liability arising out of, or in connection with, any acts performed under this Agreement and caused by the negligence or willful misconduct of the indemnitor, its officers, agents or employees.

ARTICLE XVIII

NOTICES

Notices under this Agreement shall be sufficiently given and shall be deemed given when delivered or mailed by first class mail, postage prepaid, or sent by telegram, telecopier or telex, addressed to the parties as follows:

If to the Irrigation District: Byron Bethany Irrigation District
7995 Bruns Road
Byron, CA 94514

If to the Discovery Bay CSD: Town of Discovery Bay CSD
1800 Willow Lake Road
Discovery Bay, CA 94505

The above parties may, by notice given hereunder, designate any further or different addresses to which subsequent notices or other communications shall be sent. Notices of new Members shall be sufficiently given when delivered in the manner described above to the address indicated in the amendment to this Agreement adding such new Member.

ARTICLE XIX

AMENDMENTS TO THIS AGREEMENT

This Agreement may be amended at any time by vote of two-thirds of the governing body of each of the Members of the Authority.

ARTICLE XX

CONFLICT OF INTEREST CODE

The Authority, to the extent required by law, shall adopt a Conflict of Interest Code which shall be the Conflict of Interest Code of the Irrigation District.

ARTICLE XXI

SEVERABILITY

Should any portion, term, condition, or provision of this Agreement be decided by a court of competent jurisdiction to be illegal or in conflict with any law of the State of California, or be otherwise rendered unenforceable or ineffectual, the validity of the remaining portions, terms, conditions, and provisions shall not be affected thereby.

ARTICLE XXII

AGREEMENT COMPLETE

The foregoing constitutes the full and complete Agreement of the parties hereto. There are no oral understandings or agreements not set forth in writing herein.

ARTICLE XXIII

GOVERNING LAW

This Agreement shall be governed by and construed in accordance with the laws of the State of California.

[Signature Page to Follow]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first written above.

**BYRON BETHANY
IRRIGATION DISTRICT**

By: _____
President

Executed before me as of the
1st day of July, 2012.

Secretary of the Byron Bethany Irrigation District

**TOWN OF DISCOVERY BAY
COMMUNITY SERVICES DISTRICT**

By: _____
President

Executed before me as of the
1st day of July, 2012.

Secretary of the Discovery Bay CSD