

**DISCOVERY BAY PUBLIC FINANCING  
AUTHORITY**

**RESOLUTION NO. PFA 2012-02**

A RESOLUTION OF THE GOVERNING BOARD  
OF THE DISCOVERY BAY PUBLIC FINANCING AUTHORITY  
AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$17,000,000.00 PRINCIPAL AMOUNT  
OF SERIES 2012 ENTERPRISE REVENUE BONDS; APPROVING THE FORMS OF  
AND AUTHORIZING AND DIRECTING EXECUTION AND DELIVERY OF AN  
INDENTURE, CONVEYANCE AGREEMENTS, INSTALLMENT SALE AGREEMENTS  
AND PURCHASE CONTRACT; APPROVING THE FORM OF THE OFFICIAL STATEMENT  
AND THE DISTRIBUTION THEREOF; AND PROVIDING FOR OTHER MATTERS PROPERLY RELATED THERETO

**WHEREAS**, the Town of Discovery Bay Community Services District (the "District") and the Byron Bethany Irrigation District (the "Irrigation District") have heretofore entered into a Joint Exercise of Powers Agreement, dated as of July 1, 2012, establishing the Discovery Bay Public Financing Authority (the "Authority") for the purpose of, among other things, providing financing alternatives for public capital improvements within the District; and

**WHEREAS**, the Authority was formed pursuant to the provisions of Articles 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "Act"), and is authorized pursuant to Article 4 of the Act (the "Bond Law") to borrow money for the purpose of, among other things, making loans, buying securities, purchasing facilities, and providing for installment sale arrangements to assist the District to further its public purposes; and

**WHEREAS**, the District desires to finance the acquisition and construction of (i) certain additions, betterments, extensions and improvements to the District's water system (the "Water Project"), and (ii) certain additions, betterments, extensions and improvements to the District's wastewater system (the "Wastewater Project," and collectively with the Water Project, the "Projects"); and

**WHEREAS**, in order to assist the District in the procurement of cost effective financing for the acquisition and construction of the Projects (the "Financing"), the Authority, after due investigation and deliberation, has determined that it is in the public interests at this time to provide for the issuance of not to exceed \$17,000,000.00 aggregate principal amount of its Discovery Bay Public Financing Authority, Series 2012 Enterprise Revenue Bonds (the "Bonds"), all pursuant to and secured by an Indenture of Trust (the "Indenture"), dated as of August 1, 2012, by and between the District and the Trustee (To be determined), as the trustee thereto (the "Trustee"); and

**WHEREAS**, as a necessary prerequisite to the arrangement of the Financing, the District has proposed to (i) convey its Water Project to the Authority pursuant to a Water Project Conveyance Agreement (the "Water Conveyance Agreement"), dated as of August 1, 2012, by and between the Authority and the District, and (ii) convey its Wastewater Project to the Authority pursuant to a Wastewater Project Conveyance Agreement (the "Wastewater Conveyance Agreement", and together with the Water Conveyance Agreement, the "Conveyance Agreements"), dated as of August 2, 2012, by and between the Authority and the District; and

**WHEREAS**, for the purpose of providing for the Financing, the Authority has proposed to (i) sell the Water Project back to the District pursuant to a Water Project Installment Sale Agreement (the "Water Installment Sale Agreement"), dated as of August 1, 2012, by and between the Authority and the District, pursuant to which the District will make installment payments from its water enterprise operations, sufficient in amount to pay a certain allocable share of the debt service on the Bonds, and (ii) sell the Wastewater Project back to the District pursuant to a Wastewater Project Installment Sale Agreement (the "Wastewater Installment Sale Agreement," and together with the Water Installment Sale Agreement, the "Installment Sale Agreements"), dated as of August 1, 2012, by and between the Authority and the District, pursuant to which the District will make installment payments from its wastewater enterprise operations, sufficient in amount to pay a certain allocable share of the debt service on the Bonds; and

**WHEREAS**, there has been submitted to this Board a form of preliminary Official Statement (the "Preliminary Official Statement") in connection with the marketing of the Bonds, and this Board, with the aid of its staff, has reviewed the preliminary Official Statement to assure proper disclosure of all material facts relating to the Bonds that are in the personal knowledge of the Board Members and the Authority staff; and

**WHEREAS**, the Authority proposes to sell the Bonds to Kinsell, Newcomb & De Dios, Inc. (the "Underwriter"), all on the terms and conditions herein set forth and as provided in the form of a Bond Purchase Contract (the "Purchase Contract") presented at this meeting and on file with the Secretary; and

WHEREAS, there has been prepared and filed with the Secretary a proposed form of Continuing Disclosure Certificate (the "Continuing Disclosure Certificate") in order to assist the Underwriter in complying with SEC Rule 15c2-12(b)(5), and this Board hereby finds and determines that it is in the public interest and for the public benefit that the form of Continuing Disclosure Certificate be approved and that certain policy and procedure be established therefore; and

WHEREAS, the Board, with the aid of its staff, has reviewed the Indenture, the Conveyance Agreements, the Installment Sale Agreements, the Preliminary Official Statement, the Continuing Disclosure Certificate and the Purchase Contract, and the Authority wishes at this time to approve the foregoing documents (collectively, the "Bond Documents") in the public interests of the District and the Authority; and

WHEREAS, the Board wishes at this time to ratify and authorize all proceedings relating to the Bonds, and the execution and delivery of all agreements and documents relating thereto; and

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of the Discovery Bay Public Financing Authority, as follows:

**Section 1. Recitals and Findings.** The Board hereby specifically finds and declares that each of the statements, findings and determinations of the Authority set forth in the recitals set forth above and in the preambles of the Bond Documents approved herein are true and correct and that the Financing will result in significant public benefits of the type described in Government Code Section 6586. The issuance of the Bonds by the Authority is hereby approved by this Board, and this Board does hereby consent to the application of the proceeds of the Bonds for the purposes contemplated by the District and the Authority, as provided for in the Bond Documents.

**Section 2. Authorized Representatives.** The Chairperson, Vice-Chairperson, Executive Director, Treasurer, Secretary, and any other person authorized by the Board to act on behalf of the Authority, shall each be an "Authorized Representative" of the Authority for the purposes of structuring and providing for the issuance of the Bonds, and are hereby authorized, jointly and severally, for and in the name of and on behalf of the Authority, to execute and deliver any and all documents and certificates that may be required to be executed in connection with the sale of the Bonds (including any documents necessary in connection with bond insurance or other credit enhancement for the bonds or the investment of proceeds of the Bonds), and to do any and all things and take any and all actions which may be necessary or advisable, in their discretion, to effectuate the actions which the Board has approved in this Resolution.

**Section 3. Approval of Indenture.** The Board hereby approves the Indenture in substantially the form thereof on file with the Secretary together with any additions thereto or changes therein deemed necessary or advisable by the Authorized Representatives, upon advice of the Authority's Bond Counsel, including, without limitation, the insertion of the final principal amount and annual maturity amounts of the Bonds, and the final interest rates to be borne by the Bonds, as set forth in the executed Purchase Contract. Execution of the Indenture shall be deemed conclusive evidence of the Authority's approval of such additions or changes. The Authorized Representatives are hereby authorized and directed to execute, attest and affix the seal of the Authority to the Indenture for and in the name and on behalf of the Authority. The Board hereby authorizes the delivery and performance of the Indenture.

**Section 4. Approval of Water Conveyance Agreement.** The Board hereby authorizes and approves the purchase of the Water Project by the Authority from the District pursuant to the Water Conveyance Agreement. The Board hereby approves the Water Conveyance Agreement in substantially the form on file with the Secretary together with any additions thereto or changes therein (including, but not limited to, the final amount of the sale price for the Water Project) deemed necessary or advisable by an Authorized Representative of the Authority. Any Authorized Representative of the Authority is hereby authorized and directed to execute, and the Secretary is hereby authorized and directed to attest and affix the seal of the Authority to, the final form of the Water Conveyance Agreement for and in the name and on behalf of the Authority and the execution thereof shall be conclusive evidence of the Board's approval of any such additions and changes. The Board hereby authorizes the delivery and performance of the Water Conveyance Agreement.

**Section 5. Approval of Wastewater Conveyance Agreement.** The Board hereby authorizes and approves the purchase of the Wastewater Project by the Authority from the District pursuant to the Wastewater Conveyance Agreement. The Board hereby approves the Wastewater Conveyance Agreement in substantially the form on file with the Secretary together with any additions thereto or changes therein (including, but not limited to, the final amount of the sale price for the Wastewater Project) deemed necessary or advisable by an Authorized Representative of the Authority. Any Authorized Representative of the Authority is hereby authorized and directed to execute, and the Secretary is hereby authorized and directed to attest and affix the seal of the Authority to, the final form of the Wastewater Conveyance Agreement for and in the name and on behalf of the Authority and the execution thereof shall be conclusive evidence of the Board's approval of any such additions and changes. The Board hereby authorizes the delivery and performance of the Wastewater Conveyance Agreement.

**Section 6. Approval of Water Installment Sale Agreement.** The Board hereby authorizes and approves the sale of the Water Project back to the District pursuant to the Water Installment Sale Agreement. The Board hereby approves the Water Installment Sale Agreement in substantially the form on file with the Secretary together with any additions thereto or changes therein (including, but not limited to, the final amount of the sale price for the Water Project and the final installment payment

schedule) deemed necessary or advisable by an Authorized Representative of the Authority. Any Authorized Representative of the Authority is hereby authorized and directed to execute, and the Secretary is hereby authorized and directed to attest and affix the seal of the Authority to, the final form of the Water Installment Sale Agreement for and in the name and on behalf of the Authority and the execution thereof shall be conclusive evidence of the Board's approval of any such additions and changes. The Board hereby authorizes the delivery and performance of the Water Installment Sale Agreement.

**Section 7. Approval of Wastewater Installment Sale Agreement.** The Board hereby authorizes and approves the sale of the Wastewater Project back to the District pursuant to the Wastewater Installment Sale Agreement. The Board hereby approves the Wastewater Installment Sale Agreement in substantially the form on file with the Secretary together with any additions thereto or changes therein (including, but not limited to, the final amount of the sale price for the Wastewater Project and the final installment payment schedule) deemed necessary or advisable by an Authorized Representative of the Authority. Any Authorized Representative of the Authority is hereby authorized and directed to execute, and the Secretary is hereby authorized and directed to attest and affix the seal of the Authority to, the final form of the Wastewater Installment Sale Agreement for and in the name and on behalf of the Authority and the execution thereof shall be conclusive evidence of the Board's approval of any such additions and changes. The Board hereby authorizes the delivery and performance of the Wastewater Installment Sale Agreement.

**Section 8. Approval of Preliminary Official Statement.** The form of the Preliminary Official Statement relating to the Bonds (the "Preliminary Official Statement"), on file with the Secretary, is approved for distribution by the Underwriter to municipal bond broker-dealers, to banking institutions and to members of the general public who may be interested in purchasing the Bonds. The Chairman, Executive Director or Treasurer is authorized to approve changes in the Preliminary Official Statement, from time to time, pending such distribution as shall be required to cause the Preliminary Official Statement to contain any further information necessary to accurately describe the Bonds, the Bond Documents, the Project, the Utility Systems, the District and the Authority. With respect to the distribution of the Preliminary Official Statement, the Chairman, Executive Director or Treasurer of the Authority is authorized and directed, on behalf of the Authority, to deem the Preliminary Official Statement "final" pursuant to Rule 15c2-12 under the Securities Exchange Act of 1934 (the "Rule").

**Section 9. Approval of Official Statement.** The Official Statement, which shall include such changes and additions thereto deemed advisable by the Chairperson, Vice-Chairperson, Executive Director or Treasurer and such information permitted to be excluded from the Preliminary Official Statement pursuant to the Rule, is hereby approved for delivery to the purchasers of the Bonds, and the Chairperson, Vice-Chairperson, Executive Director or Treasurer, or a written designee, is authorized and directed to execute the Official Statement for and on behalf of the Authority and the Chairperson, Vice-Chairperson, Executive Director or Treasurer is authorized and directed to deliver to the Underwriter of the Bonds (i) a certificate with respect to the information set forth therein, and (ii) Continuing Disclosure Agreement substantially in the form approved at this meeting and appended to the Official Statement.

**Section 10. Sale of Bonds.** The Board hereby approves the sale of the Bonds to the Underwriter pursuant to and in accordance with the Purchase Contract in substantially the form on file with the Secretary together with any additions thereto or changes therein approved by either the Chairperson, Vice-Chairperson, Executive Director or Treasurer of the Authority, whose execution thereof shall be conclusive evidence of such approval. The Board hereby delegates and directs the Chairperson, the Vice-Chairperson, the Executive Director or the Treasurer, the authorization to accept, for and in the name and on behalf of the Authority, an offer from the Underwriter to purchase the Bonds from the Authority and to execute the Purchase Contract; provided, however, that the stated average annual interest rate payable with respect to the Bonds shall not exceed five percent (5%) per annum and the Underwriter's discount for the purchase of Bonds shall not be more than one percent (1%) of the par amount thereof.

**Section 11. Continuing Disclosure Certificate.** The Board hereby approves the Continuing Disclosure Certificate relating to the Bonds, in substantially the form on file with the Secretary, with such revisions, amendments and completions as shall be approved by an Authorized Representative of the Authority, such approval to be conclusively evidenced by the execution and delivery thereof by an Authorized Representative.

**Section 12. Appointment of Trustee.** The Authority, for the purposes set forth herein, appoints and employs the Trustee (To be determined) as the Trustee for the Bonds. The fees of the Trustee shall be set forth in a consulting agreement, and shall be contingent upon the successful issuance of the Bonds by the Authority.

**Section 13. Official Action.** All actions heretofore taken by the officers and agents of the Authority with respect to the issuance of the Bonds are hereby approved, confirmed and ratified. The Chairperson, Vice-Chairperson, Executive Director, Treasurer, General Counsel, Secretary and any and all other officers of the Authority are hereby authorized and directed, for and in the name and on behalf of the Authority, to do any and all things and take any and all actions, including execution and delivery of any and all assignments, certificates, requisitions, including requisitions for the payment of costs of issuance of the Bonds, agreements, notices, consents, instruments of conveyance, warrants and other documents, which they, or any of them, may deem necessary or advisable in order to consummate the sale, issuance and delivery of the Bonds to the Underwriter in accordance with the Bond Documents approved herein. Whenever in this Resolution any officer of the Authority is authorized to execute or countersign any document or take any action, such execution, countersigning or action may be taken on behalf of such officer by any person designated and confirmed in a closing certificate by such officer to act on his or her behalf in the case such officer shall be absent or unavailable.

**Section 14. Secretary Certification.** The Secretary of the Authority shall certify the adoption of this resolution. Notwithstanding the foregoing, such certification and any of the other duties and responsibilities assigned to the Secretary pursuant to this resolution may be performed by an Assistant Secretary with the same force and effect as if performed by the Secretary hereunder.

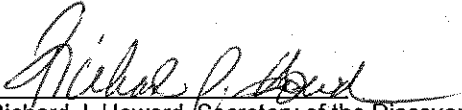
**Section 15. Effective Date.** This Resolution shall take effect from and after the date of its passage and adoption.

**THE FOREGOING RESOLUTION WAS PASSED AND ADOPTED** by the members of the Discovery Bay Public Financing Authority at its meeting held on August 1, 2012, by the following roll call vote:

AYES: 5  
NOES: 0  
ABSENT: 0  
ABSTAIN: 0



V. Chris Steele, Chairperson of the Discovery Bay  
Public Financing Authority



Richard J. Howard, Secretary of the Discovery Bay  
Public Financing Authority