



**TOWN OF DISCOVERY BAY**  
*A COMMUNITY SERVICES DISTRICT*



Chair – Robert Leete • Vice-Chair – Kevin Graves • Director – Bill Mayer • Director – Bill Pease • Director – Chris Steele

**TOWN OF DISCOVERY BAY  
COMMUNITY SERVICES DISTRICT  
PUBLIC FINANCING AUTHORITY  
AGENDA PACKET**

For the Public Financing Authority  
Meeting of Wednesday  
January 18, 2017

PFA

(Meeting after the adjournment  
of the regular meeting)

Community Center  
1601 Discovery Bay Boulevard



# DISCOVERY BAY PUBLIC FINANCING AUTHORITY



Chair – Robert Leete • Vice-Chair – Kevin Graves • Director – Bill Mayer • Director – Bill Pease • Director – Chris Steele

## **NOTICE OF THE REGULAR MEETING OF THE MEMBERS OF THE DISCOVERY BAY PUBLIC FINANCING AUTHORITY**

**Wednesday January 18, 2017**

**REGULAR MEETING 7:30 P.M. (or after the adjournment of the regular District meeting)**

**Community Center**

**1601 Discovery Bay Boulevard, Discovery Bay, California**

**Website address: [www.todb.ca.gov](http://www.todb.ca.gov)**

### **REGULAR MEETING 7:30 P.M. (Or after the adjournment of the regular District meeting)**

#### **A. ROLL CALL AND PLEDGE OF ALLEGIANCE**

1. Call business meeting to order 7:30 p.m. (or after the adjournment of the regular District meeting)
2. Pledge of Allegiance
3. Roll Call

#### **B. PUBLIC COMMENTS (Individual Public Comments will be limited to a 3-minute time limit)**

During Public Comments, the public may address the Board on any issue within the Authority's jurisdiction which is not on the agenda. The public may comment on any item on the Agenda that is before the Board for consideration. Any person wishing to speak must come up and speak from the podium. There will be no dialog between the Board and the commenter. Any clarifying questions from the Board must go through the Chair.

#### **C. CONSENT CALENDAR**

1. Approval of DRAFT minutes of Public Financing Authority meeting for December 7, 2016

#### **D. NEW BUSINESS AND ACTION ITEMS**

1. Consider adopting Resolution No. 2017-02 authorizing the issuance and sale of water and wastewater revenue bonds to finance the Town of Discovery Bay Community Services District's Water Meter Completion Project and the Municipal Wastewater Enterprise, approving related documents and official actions.

#### **E. CHAIR'S REPORT AND MEMBER'S COMMENTS**

#### **F. ADJOURNMENT**

1. Adjourn the Public Financing Authority Meeting at the Community Center, 1601 Discovery Bay Boulevard.

"This agenda shall be made available upon request in alternative formats to persons with a disability, as required by the American with Disabilities Act of 1990 (42 U.S.C. § 12132) and the Ralph M. Brown Act (California Government Code § 54954.2). Persons requesting a disability related modification or accommodation in order to participate in the meeting should contact the Town of Discovery Bay, at (925)634-1131, during regular business hours, at least twenty-four hours prior to the time of the meeting."

"Materials related to an item on the Agenda submitted to the Discovery Bay Public Financing Authority after distribution of the agenda packet are available for public inspection in the Authority's Office located at 1800 Willow Lake Road during normal business hours."



# DISCOVERY BAY PUBLIC FINANCING AUTHORITY



Chair – Bill Pease • Vice-Chair – Robert Leete • Director – Kevin Graves • Director – Bill Mayer • Director – Chris Steele

**MINUTES OF THE ANNUAL MEETING  
OF THE MEMBERS OF THE  
DISCOVERY BAY PUBLIC FINANCING AUTHORITY  
Wednesday December 7, 2016  
ANNUAL MEETING 7:00 P.M.  
Community Center  
1601 Discovery Bay Boulevard, Discovery Bay, California  
Website address: [www.todb.ca.gov](http://www.todb.ca.gov)**

**ANNUAL MEETING 7:00 P.M.**

**A. ROLL CALL AND PLEDGE OF ALLEGIANCE**

1. Call business meeting to order 8:34 p.m. – By Chair Pease
2. Pledge of Allegiance – Led by Bill Mayer
3. Roll Call – All Present

**B. PUBLIC COMMENTS (Individual Public Comments will be limited to a 3-minute time limit)**

None

**C. NEW BUSINESS AND ACTION ITEMS**

1. Accept the report from the Treasurer Auditor related to the Annual Public Financing Authority 2012 Series Enterprise Revenue Bond.

Treasurer Auditor Breitstein – Noted that all of the money has been expended.

Motion by: Vice-President Leete to accept the report from the Treasurer/Auditor related to the Annual Public Financing Authority 2012 Series Enterprise Revenue Bond.

Second by: Director Graves

Vote – Motion Carried – AYES: 5, NOES: 0

**D. CHAIR'S REPORT AND MEMBER'S COMMENTS**

**E. ADJOURNMENT**

1. The meeting adjourned at 8:37 p.m.

//cmc – 12-12-16

<http://www.todb.ca.gov/agendas-minutes>



# Discovery Bay Public Financing Authority AGENDA REPORT

**Meeting Date**

January 18, 2016

**Prepared By:** Mike Davies, Executive Director  
**Submitted By:** Mike Davies, Executive Director

**Agenda Title:**

Consider adoption of Resolution 2017-02 authorizing the issuance and sale of revenue bonds to finance improvements to the Town of Discovery Bay's water and wastewater enterprises, and approving related documents and official actions.

**Recommended Actions:**

1. Adopt Resolution 2017-02 which authorizes the issuance of Bonds to finance the improvements to the Town of Discovery Bay's Water and Wastewater Enterprises with a principal amount not to exceed \$11,500,000; approves the Installment Sale Agreements, the Preliminary Official Statement and other documents that are on file with the Secretary, along with changes as the Designated Officers may deem necessary or appropriate; and authorizes the Chair, the Executive Director, Treasurer/Auditor, and the Secretary in the name of and on behalf of the Authority take actions necessary in order to consummate the lawful issuance and sale of the Bonds; and
2. Direct the Executive Director to work with the Financial Advisor, Bond Counsel, Underwriter and Trustee to proceed with the issuance of not to exceed \$11,500,000 principal amount of Discovery Bay Public Financing Authority, Series 2017 Water and Wastewater Enterprise Revenue Bonds.

**Executive Summary**

The Town of Discovery Bay Community Services District's (CSD) NPDES permit requires the construction of the "filtration" project. This 7.4M project is currently underway and must be operational by December 31, 2017. The CSD determined that the project should be financed. The CSD Board, at previous meetings, authorized the engagement of a financing team comprised of the Financial Advisor, the Underwriter, and the Bond and Disclosure Counsel to prepare for the issuance of revenue bonds to provide for the Project. The Board also determined, at the December 7, 2016 meeting, that the issuance should be structured as "wrap-around" financing to provide for stable costs, and that an "extraordinary" redemption option should not be included.

On January 4, 2017, the CSD Board determined that the District's Water Meter Completion Project should also be included within the 2017 Bond issuance. This 3.11M project is also underway. The Board determined that this portion of the bond issuance should be based on a ten-year term. The CSD Board has adopted Reimbursement Resolutions for both of these projects.

The Bonds are proposed to be structured as rated tax-exempt municipal bonds with a principal amount not to exceed \$11,500,000. If the proposed Resolution is adopted, the Authority will be authorized to sell the Bonds within certain parameters, and District and Authority staff will be authorized and directed to complete the Bond transaction within those parameters. The Resolution also includes the approval of associated documents which are on file with the Authority Secretary. Approval of both Resolutions is a prerequisite to accomplishing the issuance of the Bonds, which, if adopted, is expected to occur in March of 2017.

## NEED FOR FINANCING

Staff has determined that the issuance of the Bonds, in the manner and structure set forth in the documents, optimizes the District's capital structure and credit profile, spreads the burden of repayment over several years, and aids in the balancing of future annual budgets by fixing the annual debt service of the Wastewater Enterprise at a manageable level.

The issuance of bonds for the Water Meter Completion Project allows the District's Board to provide a ten-year repayment option for customers receiving water meters, thus easing the financial burden on the District's residents.

## FINANCING SUMMARY

The Resolutions for both the Town of Discovery Bay CSD and for the Public Financing Authority authorizes and approves the form of all of the base documents necessary to provide for the successful issuance of the Bonds. The adoption of each Resolution is necessary for the financing team to move forward with completing the appropriate documentation and credit analysis before entering the market.

The Financing Documents can be briefly summarized as follows: the Discovery Bay Public Financing Authority will issue the Bonds, the proceeds of which will be used to provide Financing for the cost of the acquisition and construction of the Projects. The Bonds will be repaid from water and wastewater installment payments made to the Trustee.

### **Fiscal Impact:**

**Amount Requested** \$11,500,000.00

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

- Wastewater Debt service repayment of \$375,000 in fiscal years 2018-2043, then \$1,121,000 in fiscal years 2044-2048
- Water Debt Service: The debt service repayment (including the financing cost) will be funded by a separate charge to the properties receiving the water meters. Reference: January 4, 2017 Agenda Item #C-2. Estimated debt service - \$345,000 – 10 years.
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- These amounts are estimated since they are dependent upon market conditions until the bonds are sold, at which time interest rates and annual debt service will be fixed.

**Prog/Fund # Category:**

### **Previous Relevant Board Actions for This Item**

**December 7, 2016 – Related to amortization and redemption options**

**December 21, 2016 – Related to whether to include the Water Meter Completion Project costs within the offering**

**January 4, 2017 – Continuation and decision from the December 21, 2016 meeting.**

### **Attachments**

**Resolution 2017-02**

**AGENDA ITEM: D-1**

**DISCOVERY BAY PUBLIC FINANCING  
AUTHORITY**

**RESOLUTION 2017-02**

**RESOLUTION OF THE DISCOVERY BAY PUBLIC FINANCING AUTHORITY AUTHORIZING  
THE ISSUANCE AND SALE OF REVENUE BONDS TO FINANCE IMPROVEMENTS TO THE  
TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT'S MUNICIPAL WATER  
AND WASTEWATER ENTERPRISES AND APPROVING RELATED DOCUMENTS AND  
OFFICIAL ACTIONS**

RESOLVED, by the Board of Directors (the "Board") of the Discovery Bay Public Financing Authority (the "Authority"), as follows:

WHEREAS, the Town of Discovery Bay Community Services District (the "District") and the Byron Bethany Irrigation District have heretofore entered into a joint exercise of powers agreement establishing the Authority for the purpose, among others, of issuing its bonds to be used to provide financial assistance to the District;

WHEREAS, the District has determined to finance (a) the acquisition and construction of certain improvements and facilities (the "Water Project") to the District's municipal water enterprise (the "Water Enterprise"), and (b) the acquisition and construction of certain improvements and facilities (the "Wastewater Project") to the District's municipal wastewater enterprise (the "Wastewater Enterprise");

WHEREAS, for the purpose of raising funds necessary to provide such financial assistance to the District, the Authority proposes to authorize the issuance of its revenue bonds under the provisions of Article 4 (commencing with section 6584) of Chapter 5 of Division 7 of Title 1 of the California Government Code (the "Act"), designated as the Discovery Bay Public Financing Authority (Contra Costa County, California) Enterprise Revenue Bonds, Series 2017 (Water and Wastewater Projects) (the "Bonds"), all pursuant to and secured by an indenture of trust (the "Indenture"), by and between the Authority and U.S. Bank National Association, as trustee (the "Trustee");

WHEREAS, in order to provide for the repayment of the Bonds, the Authority will (a) sell the Water Project to the District pursuant to an installment sale agreement (the "Water Installment Sale Agreement"), under which the District will agree to make installment payments to the Authority payable from the net revenues of the Water Enterprise, and (b) sell the Wastewater Project to the District pursuant to an installment sale agreement (the "Wastewater Installment Sale Agreement"), under which the District will agree to make installment payments to the Authority payable from the net revenues of the Wastewater Enterprise, which together will be calculated to be sufficient, in time and amount, to enable the Authority to pay the principal of and interest and premium (if any) on the Bonds when due and payable;

WHEREAS, the District's obligations under the Water Installment Sale Agreement will be on parity as to payment and security with the District's obligations with respect to that certain Water Installment Sale Agreement, dated as of August 1, 2012, by and between the Authority and the District, securing a portion of the Authority's Series 2012 Enterprise Revenue Bonds (Water and Wastewater Financing Projects) (the "2012 Authority Bonds"), and the District's obligations under the Wastewater Installment Sale Agreement will be on parity as to payment and security with the District's obligations with respect to that certain Wastewater Installment Sale Agreement, dated as of August 1, 2012, by and between the Authority and the District, securing a portion of the 2012 Authority Bonds;

WHEREAS, the form of an official statement (the "Official Statement") describing the Authority, the District, the Water Enterprise, the Wastewater Enterprise, the Bonds and other matters, to be used in connection with the marketing of the Bonds, has been prepared and presented to the Authority;

WHEREAS, the firm of Brandis Tallman LLC (the "Underwriter") has proposed to purchase and underwrite the Bonds and has presented to the Authority a form of bond purchase agreement for the Bonds, to be entered into among the Authority, the District and the Underwriter (the "Bond Purchase Agreement"); and

WHEREAS, the Board has duly considered such transactions and wishes at this time to approve said transactions in the public interests of the Authority;

NOW, THEREFORE, it is hereby ORDERED and DETERMINED, as follows:

Section 1. Issuance of Bonds; Approval of Indenture. The Board hereby authorizes the issuance of the Bonds under and pursuant to the Act and the Indenture for the purpose of providing funds to finance the Water Project and the Wastewater Project, so long as (a) the principal amount of Bonds does not exceed \$11,500,000, (b) the final maturity date of the Bonds is not later than December 1, 2047, and (c) the true interest cost shall not exceed 5.75%. The Board hereby approves the Indenture in the form on file with the Secretary, together with such additions thereto and changes therein as the Chairperson, the Executive Director or the Treasurer/Auditor, or any designee thereof (the "Designated Officers") shall deem necessary, desirable or appropriate, the execution of which by the Authority shall be conclusive evidence of the approval of any such additions and changes. The Designated Officers, each acting alone, are 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 Indenture for and in the name and on behalf of the Authority. The Board hereby authorizes the delivery and performance of the Indenture.

Section 2. Approval of Installment Sale Agreements.

(a) The Board hereby approves the Water Installment Sale Agreement in the form on file with the Secretary, together with such additions thereto and changes therein as the Designated Officers shall deem necessary, desirable or appropriate, the execution of which by the Authority shall be conclusive evidence of the approval of any such additions and changes. The Designated Officers, each acting alone, are 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. The Board hereby authorizes the delivery and performance of the Water Installment Sale Agreement.

(b) The Board hereby approves the Wastewater Installment Sale Agreement in the form on file with the Secretary, together with such additions thereto and changes therein as the Designated Officers shall deem necessary, desirable or appropriate, the execution of which by the Authority shall be conclusive evidence of the approval of any such additions and changes. The Designated Officers, each acting alone, are 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. The Board hereby authorizes the delivery and performance of the Wastewater Installment Sale Agreement.

Section 3. Sale of Bonds.

The Board hereby approves the sale of the Bonds by the Authority by negotiation with the Underwriter, pursuant to the Bond Purchase Agreement in the form on file with the Secretary, together with such additions thereto and changes therein as a Designated Officer shall deem necessary, desirable or appropriate, the execution of which by the Authority shall be conclusive evidence of the approval of any such additions and changes. The Designated Officers, each acting alone, are hereby authorized and directed to execute the final form of the Bond Purchase Agreement for and in the name and on behalf of the Authority upon the submission of an offer by the Underwriter to purchase the Bonds, which offer is acceptable to a Designated Officer and consistent with the requirements of this Resolution. The amount of Underwriter's discount for the Bonds shall be not more than 0.40% of the par amount thereof (not taking into account any original issue discount on the sale thereof).

Section 4. Official Statement.

The Board hereby approves the preliminary Official Statement in the form on file with the Secretary, together with such additions thereto and changes therein as a Designated Officer shall deem necessary, desirable or appropriate. The Designated Officers, each acting alone, are hereby authorized and directed to deem final within the meaning of Rule 15c2-12 of the Securities Exchange Act of 1934 except for permitted omissions, the preliminary form of the Official Statement. Distribution of such preliminary Official Statement is hereby approved. The Designated Officers, each acting alone, are hereby authorized to execute the final form of the Official Statement, including as it may be modified by such additions thereto and changes therein as any Designated Officer shall deem necessary, desirable or appropriate, and the execution of the final Official Statement by the Authority shall be conclusive evidence of the approval of any such additions and changes. The Board hereby authorizes the distribution of the final Official Statement. The final Official Statement shall be executed in the name and on behalf of the Authority by a Designated Officer.

Section 5. Official Actions.

The Chairperson, the Executive Director, the Treasurer/Auditor, the 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, agreements, notices, consents, instruments of conveyance, warrants and other documents, including the application to providers of municipal bond insurance for the Bonds, which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and sale of the Bonds and the consummation of the transactions as described herein.

Section 6. Effective Date. This Resolution shall take effect from and after the date of its passage and adoption.

PASSED, APPROVED AND ADOPTED THIS 18<sup>th</sup> DAY OF JANUARY, 2017.

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Robert Leete  
Board President

I, the undersigned Secretary of the Discovery Bay Public Financing Authority, hereby certify that the foregoing is a full, true and correct copy of a resolution duly adopted by the Board of Directors of the Authority at a meeting thereof on the 18th day of January, 2017, by the following vote of the members thereof:

AYES:  
NOES:  
ABSENT:  
ABSTAIN:

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Michael Davies  
Board Secretary