



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 4, 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 4, 2017

REGULAR MEETING 8:00 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

REGULAR MEETING 8:00 P.M. (Or after the adjournment of the regular District meeting)

A. ROLL CALL AND PLEDGE OF ALLEGIANCE

1. Call business meeting to order 8:00 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. 2016-24 authorizing the issuance and sale of wastewater revenue bonds to finance improvement to the Town of Discovery Bay Community Services District's Municipal Wastewater Enterprise and 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



President – Bill Pease • Vice-President – 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**

ANNUAL MEETING 7:00 P.M.

A. ROLL CALL AND PLEDGE OF ALLEGIANCE

1. Call business meeting to order 8:34 p.m. – By President 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 4, 2017

Prepared By: Dina Breitstein, Finance Manager
Submitted By: Catherine Kutsuris, Interim General Manager

Agenda Title: Consider adopting Resolution 2016-24 approving proceedings related to the issuance of Wastewater Revenue Bonds, Series 2017

Recommended Actions:

- A. (1) Adopt Resolution No. 2016-24 authorizing the issuance of not to exceed \$8,000,000 principal amount of Series 2017 Wastewater Enterprise Revenue Bonds; approving the forms of and authorizing and directing execution and delivery of installment sale agreements, purchase contract and continuing disclosure certificate; approving the form of the official statement and the distribution thereof; and (2) that the Discovery Bay Public Financing Authority adopt PFA Resolution 2016-24 authorizing the issuance of not to exceed \$8,000,000 principal amount of series 2017 Wastewater 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,
- B. Direct staff to work with Financial Advisor, Bond Counsel, Underwriter and Trustee to proceed with the issuance of not to exceed \$8,000,000 principal amount of Discovery Bay Public Financing Authority, Series 2017 Wastewater Enterprise Revenue Bonds;

Executive Summary

As the Board(s) is/are aware, the Water and Wastewater Master plans identified a number of projects that are necessary to meet current demands and/or provide redundancy. The CSD Board, at previous meetings, authorized the engagement of a financing team comprised of the Financial Advisor, Underwriter and Bond and Disclosure Counsel to prepare for the issuance of revenue bonds to provide for the Project. The project that is requiring funding is a state mandated project titled Filtration.

As anticipated, and with the intention of providing financing for the cost of the acquisition and construction of the Project, it is being proposed that the District and the Authority consider the adoption of the accompanying resolutions.

The Bonds are proposed to be structured as rated tax-exempt municipal bonds in a principal amount of not to exceed \$8,000,000, all pursuant to and secured by an Indenture of Trust, by and between the District and as the trustee thereto.

If the Resolutions are approved, 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. Approval of both Resolutions is a prerequisite to accomplishing the issuance of the Bonds, which, if adopted, is expected to occur, (*Wastewater Project only*) during February 2017.

THE PROJECT

WASTEWATER TITTLE 22 FILTRATION: The Town's National Pollution Discharge Elimination System (NPDES) permit that governs all wastewater activities for the Town was renewed by the Regional Water Quality Control Board

(RWQCB) on June 6, 2014. In this renewal, the RWQCB required the Town to add tertiary filtration and UV upgrades and changed the permit limits for coliform in compliance with CCR Title 22 unrestricted reuse. The facilities are required to be constructed and operational by December 31, 2017. The discharge limits also change to the lower values on this date.

The wastewater master plan anticipated the future regulatory requirement for filtration even though it was not required at the time the master plan was completed. On June 6, 2014 the Regional Water Quality Control Board (RWQCB) adopted resolution R5-2014-0073 which modified the Town of Discovery Bay National Pollution Discharge Elimination System (NPDES) permit to require that filtration be constructed by December 31, 2017. Filtration and UV disinfection facilities have been designed in conformance with the wastewater master plan and the NPDES permit and construction of the facilities is underway. At the completion of the project the Town will produce tertiary treated water for unrestricted reuse in conformance with Title 22 of the California Code of Regulations.

NEED FOR FINANCING

The capital improvements are of a type and nature that have a useful life expectancy of approximately 30 to 50 years. Improvements that have a useful life expectancy of this length of time are typically financed with long term debt that is repaid over a similar time period as the useful life expectancy of the asset. This process matches of the utilization of the capital improvement over its useful life with the burden of funding/financing it over its useful life.

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.

FINANCING SUMMARY

Each subject resolution being recommended for adoption essentially authorizes and approves the form of all of the base legal 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 and locking interest rates.

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 wastewater installment payments made to the Trustee.

Fiscal Impact:

Amount Requested \$8,000,000.00

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

Wastewater Only Debit service repayment of \$375,000 in fiscal years 2018-2043, then \$1,121,000 in fiscal years 2044-2048

Prog/Fund # Category:

Previous Relevant Board Actions for This Item

See Executive Summary

Attachments

AGENDA ITEM: D-1



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

RESOLUTION 2017-01

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE DISCOVERY BAY PUBLIC FINANCING AUTHORITY
AUTHORIZING THE ISSUANCE AND SALE OF WASTEWATER REVENUE BONDS
TO FINANCE IMPROVEMENTS TO THE TOWN OF DISCOVERY BAY COMMUNITY SERVICES
DISTRICT'S MUNICIPAL WASTEWATER ENTERPRISE
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 the acquisition and construction of certain improvements and facilities (the "Project") to the District's municipal wastewater enterprise (the "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) Wastewater Revenue Bonds, Series 2017 (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 sell the Project to the District pursuant to an installment sale agreement (the "Installment Sale Agreement"), under which the District will agree to make installment payments to the Authority payable from the net revenues of the Enterprise which 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 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 Authority's Series 2012 Enterprise Revenue Bonds (Wastewater and Wastewater Financing Projects);

WHEREAS, the form of an official statement (the "Official Statement") describing the Authority, the District, the 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 Project, so long as (a) the principal amount of Bonds does not exceed \$8,000,000, (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 Agreement. The Board hereby approves the 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 Installment Sale Agreement for and in the name and on behalf of the Authority. The Board hereby authorizes the delivery and performance of the 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.

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 4th day of January, 2017 by the following vote of the members thereof:

PASSED, APPROVED AND ADOPTED THIS 4th DAY OF JANUARY, 2017

Robert Leete
Board Chair

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 January 4, 2017, by the following vote of the Board:

AYES:
NOES:
ABSENT:
ABSTAIN:

Michael Davies
Board Secretary